

# FAR EASTERN ECONOMIC REVIEW

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## UNBALANCE OF CHINA'S BUDGET & FOREIGN TRADE

*Vive la bagatelle!* The Chinese currency is to be stabilised and, as a consequence, inflation of the legal tender issued by Central Bank of China is to be discontinued. Such are the inspired rumours launched by Nanking's propaganda experts. This sort of *fadaïse* is now going on for quite some time with one official spokesman revealing that the Nanking Govt. will no longer resort to the printing of bank notes for the purpose of covering the deficit of the State budget, and another semi-official spokesman declaring that the Chinese currency is to be linked to gold, or to silver, at any rate to the U.S.\$, with an American stabilisation loan just around the corner.

The additional effusions of many erudite economists and financial experts, published ad nauseam in the vernacular press, on the prospects of the new era of a stable and uninflated Chinese currency are also calculated to deceive the people. The truth is that there cannot and will not be a stabilisation of the Chinese currency, that conditions generally are going from bad to worse and that the outlook for business in and with China is completely discouraging.

### The Political Position.

A compromise between the warring factions and ideologies would be the only pre-requisite for the return of hope into the future of China. There is no possibility, however, for any rapprochement among the Kuomintang and the Democratic League and the Communist Party. Civil war appears interminable as the strength of both the Nationalist and the Communist forces is about equal. With the spreading poverty in China under Nanking's control, however, the lack of popular support for the Kuomintang weakens and only American assistance guarantees its survival, at the same time precluding the emergence of a new political regime in an at least nominally unified China, viz. a coalition government composed of liberal Kuomintang members, various Democratic parties, and the Communists.

### The Economic Consequences.

In the Nanking controlled areas of China Proper the spirit of defeatism is prevalent. Clear thinking Chinese are horrified at the inevitable national disaster which is felt ever more poignantly as civil war develops, engulfing every province in one form or another. Increasing acts of sabotage all over the country, guerilla attacks coupled with roving bands of brigands and well-organised pirates, the growing civic insecurity in cities and villages, disrespect for the law, an immense amount of grafting and the unceasing corrosion of moral standards of the population at large form the sinister background for the economic struggle for survival of the National Government at Nanking.

Three principal questions confront the Kuomintang the urgent solution of which is vital for its continued existence:

(1) the State budget: with an equivalent annual deficit of at least U.S.\$ 1,000 million the ever mounting expenses for equipping the army and fighting the civil war are not included; ordinary and war budget deficits can only be covered by increased note inflation as capital levies and other emergency measures, even if enforced, can only result in partial reduction of the ordinary never the war budget deficit. Only by monetary inflation can the present regime be sustained.

(2) Foreign Trade Deficit: with at least an equivalent annual trade deficit of U.S.\$ 350 million and at best U.S.\$ 70 million earnings from invisible exports the financing of imports has to rely on foreign, i.e. U.S., credits or gifts. The large donations of UNRRA have come to an end and only relatively small relief supplies from the U.S. Government are to continue in 1948. The growing deficit of China's balance of international payments can only be covered by the U.S. Treasury. Essential imports of raw materials and consumers' goods cannot be balanced

with China's native produce or cotton textile exports; furthermore, the civil war requirements for foreign ammunition, land, air and naval fighting equipment can only be covered by foreign loans and gifts.

(3) Communication disruptions: the movement of persons and cargo within China Proper has been endangered in many areas and prospects for an improvement are discouraging. Domestic trade is precarious, menaced as it is by the vagaries of civil war campaigns, the confiscatory habits of the military, official corruption, widespread brigandage. Furthermore, inadequate railway, highway and inland river and coastal transportation coupled with high labour charges, pilferage and looting—a consequence of the recklessness in a morally disintegrating nation—create innumerable bottlenecks. Gangs with more or less strong backing from disloyal army and air force and navy officers, forcing their protection on the trade against profit-sharing; an officialdom which is practically unpaid by its government and thus has to exist, like parasites, on the earnings of the people; taxes, duties, levies at every turn (most of which never reach the State Treasury); all militate against the advance of trade. While facilitating, of course, the movement within the country these exactions burden the trade until imports and exports become uneconomical and cease. The employment of civil and military aircraft for the transportation of almost any type of commercial cargo within China and in her foreign commerce, while slightly assisting in the inward and outward movement of merchandise, is evidence for the deterioration in communications.

### Plans For Reform.

Highest Nanking Government organs and executives have, year in and year out, reiterated their determination to stabilise the currency and to balance the budget and to reduce drastically the adverse balance of China's international payments.



(1) Currency reform depends in their opinions on the munificence of the U.S. Therefore many delegates and missions, Chinese and foreign propagandists have been sent to Washington for *beso las manos* and pleading for help. Since the American taxpayer is neither willing nor able to underwrite the stability of the Chinese currency the best which the Nanking regime might obtain eventually are: war material supplies, food and clothing relief, a limited amount of U.S.\$ credits under control and supervision of an U.S. appointed agency. Such help may slow down the issue of paper money in China but monetary inflation will continue.

(2) To balance the budget, the official dispensation rather lighthearted-

ly is as follows: selling to the public of State properties, introducing a levy on certain capital investments, and "other extraordinary revenue". It is, however, quite rebelliously thought among business men that the good old method of printing all the money which the Government requires for payment of its 3 million civil servants, 5 million men in the fighting forces and for minor expenditure items will be resorted to.

(4) To balance its international payments the Nanking Government is on record with the following plans: Exchange and export-import control, as it stands today, will be continued and reinforced by new measures the object of which is to reduce imports to a minimum and to secure all proceeds

from exporters' bills. In the course of this severe programme, which cannot count on much popular support as the government realises, State trading will be intensified in 1948; the State through its official corporations will conduct its own foreign trade by making direct purchases abroad, selling also directly China produce and manufactured goods; and the State will, furthermore, collect all exportable commodities within China and will market the imported raw materials and other essential commodities through its corporations in China. This procedure which is introduced by State barter on an unlimited scale may, if pursued with discipline on the part of bureaucrats and officials, reduce free enterprise to a cold storage establishment.

## PROSPECTS FOR REHABILITATION IN THE NETHERLANDS INDIES

### The General Situation In Indonesia.

The economic prospects for Indonesia are determined by the manner and measure of cooperation with the Netherlands, the country with which Netherlands, the country with which and economic ties. The contours of a Federation of four States have now emerged, namely Java, Sumatra, Borneo and East Indonesia, which, as the United States of Indonesia, form an economic and political unit, and which, as a partner with equal rights and privileges with the Netherlands, form the Netherland-Indonesian Union.

Only with continued cooperation between Indonesia and the Netherlands, but now in a different and voluntary form, already laid down in the Ling-gadjati Agreement of March 1947, can Indonesia be guaranteed a permanent welfare policy which will ensure an economically acceptable standard of living for the millions. At the same time the supply to the world of the staple products, which this tropic store house can produce in such abundance, can be continued.

This cooperation is essential, for only then can Indonesia be assured of a flow of new capital, of the supply of necessary intellect, of the experience properly acquired, and of the renewal and extension of what has already been achieved.

#### Prospects for the People

The objective of the economic policy for the people is the raising of its standard of living. Before the war the economic policy in Java resulted in the fact that in spite of the enormous increase in population, the standard of living did not decline. Economic improvement maintained therefore an even balance with the increase in population.

A break-through in this parallelism is only possible in Java by a quickening of the economic tempo, as a lessening of the population increase, for the time being at least, is not to be

counted on. This quickening of the economic tempo must take place along three obvious lines: an increase in food production, emigration, and industrialisation.

Little is to be expected of a rationalisation of labour in Java. The head of a Javanese family works—following his century old agricultural methods—only about 100 days per year measured by European labour output. If he has sons, then his output is still less. The small piece of ground which he has at his disposal, in average 0.8 acres, gives him no opportunity for a greater effort. Increase in food production is dependent upon an improvement and an extension of irrigation, seed selection, artificial manuring, the combatting of diseases and plagues, agricultural intelligence, and the reserve of forests for hydrological purposes. It is necessary to bring a sufficiently varied diet within the reach of every Indonesian.

Before the Japanese occupation the emigration figures from Java to the outer islands amounted to 50,000 persons per year, which in view of the yearly increase by 600,000 was not of any great significance. The difficulties were big however, for if there is anyone devoted to his land and his village, it is the Javanese. A scheme for the yearly emigration of 100,000 young families was made, and for this purpose a number of areas in the outer islands had been explored.

#### Necessity of Industrialisation.

The pith of the matter must lie however in industrialisation, whereby a broader economic basis and standard of basic and secondary industry, accompanied by an encouragement to produce articles for export, for which Indonesia is particularly suited. It is not intended that Indonesia should become an industrial country, but that it should be encouraged towards an

agrarian-industrial structure. For that reason it is not intended that industry should be concentrated in Java, but that the principle should be adopted that every part of Indonesia should take part in the industrialisation, according to its possibilities.

The electrification of Java is one of the first things that is feasible. There is water-power in plenty, and if technical demands are adapted to the circumstances, then as is the case in Japan, every village can be connected to the electric network.

Another important point is the building up of the textile industry. The cultivation of short-fibred cotton is possible in the eastern part of the archipelago where the climate is suitable. Indonesia should be able to become self supporting so far as clothing is concerned.

An iron industry is already being established in Java, the object of which is to supply home needs in simple tools and machinery. It is still an open question as to whether the iron-ore of Borneo and Celebes can be exploited. The mineral exploration of Indonesia must therefore be intensified.

Plans for the establishment of large woodworking industries in the richly forested Borneo are already being carried out.

The inclusion of Indonesians in responsible posts will be a first consideration in the new set-up. For this purpose a large number of selected Indonesians will be given a scientific and practical education not only abroad—in Holland and elsewhere—but also in colleges now giving higher education in Java. Indonesian engineers will help in the oil and tin industries, in the forestry department, agricultural intelligence, etc. Also in the shipping industry will there be place for Indonesians as Captains and Mates after the necessary training, and in increasing numbers. In the research work of the rubber, coffee, sugar, tobacco, timber, and cotton growing industries, there will be room also for an increasing number of trained Indonesians.



### Prospects for Exports.

The prospects for export products, rubber, tea, quinine, cocoa products, tin, oil, kapok, fibres, pepper, sugar, and bauxite do not show the pre-war picture by any means. A number of considerations, such as impoverishment of an economic balance, the continued attempts by nations to protect their own economic interest (autarchy, currency restrictions, protection of and cooperation with their own spheres of influence) stand in the way of the economic rehabilitation of a country which is dependent on export.

Two problems are of the first importance, firstly the adoption of a strict economy in production and that of sale.

In regard to production there are important factors previously of little or no importance; the necessity for new capital, damage done to be repaired, and the increase of wages. International capital can easily find its outlet in the world today, and rightly demands order, safety, before it is willing to show itself.

The total damage resulting from the Pacific War (apart from damage caused by extremists) done to the equipment and installations of the export producing concerns, and to the tin and oil industries, is estimated at two-fifths of the whole of western capital investments. In addition to that, the loss in tempo in bringing Indonesian goods to markets as a result of the prevailing conditions in the interior, is very unfavourable to economic rehabilitation. The large number (about 25%) of deaths among expert administrative and technical personnel in Japanese internment camps, is also a most unfavourable factor.

As regards wages, it must be admitted that they have risen for good, without any rise in productivity accompanying the increase.

In regard to the sale of goods, important developments have taken place which have their reaction on almost every article.

So far as tobacco is concerned, there is a tendency to cheaper smoking, which is reflected in a lessening of demand for cigars. This affects Sumatra tobacco, which is also affected by the loss of Germany as a buyer, one of the best customers in pre-war days.

Consumer markets for coffee have become smaller, while other countries have increased their production.

Prospects for tea are, as a result of the severe restriction during the war, and increased consumption in the U.S.A. and the British Empire, favourable.

Prospects for the sale of available sugar for the near future are good, as there is a shortage in Europe, which was also the case after the last war. In the long run it would seem likely

that the sale will become more difficult, because Europe will make every endeavour to raise own production to pre-war levels.

Rubber now has a competitor in synthetic rubber. Estate rubber can only compete with native and synthetic rubber provided everything is done to make its manufacture and sale as economic as possible.

Tin (to a lesser degree than rubber) has to catch up on an original shortage and to replenish stocks which have become too small; this will have an initial good effect on the market, but in the long run production capacity will exceed absorption possibilities.

The production of mineral oil in Indonesia is the work of world concerns such as the Standard Vacuum Oil Company and the Royal Dutch Shell, and as the industry is essential to aviation, it may be assumed that Indonesia will maintain its place, after the extensive damage caused by war and revolution has been made good.

Quinine now has to meet severe competition from atabrine and plasmoquine, which DDT-products have been used with success in the prevention of malaria. In addition, the cultivation of quinine has been started and extended in many areas of Africa and America.

Fibres also have been planted more extensively elsewhere.

The export of timber and pulp has so far not taken place to any extent. But the world is in need of them; and Indonesia which is wooded to 67% of its total area, possesses, with 300 million acres of forest, 4% of the wooded areas of the world. The timber trade shows great possibilities for the future.

The road to be followed as regards production for export is therefore clear: rationalisation of industry, the increase in production capacity per unit of area, and the obtaining of as many by-products as possible. Scientific research will obtain a still greater degree of importance.

### Introduction of Western Civilisation.

In the first centuries after Christ, the Hindus from India invaded several of the Indonesian islands and established a number of kingdoms. In the 15th century Moslem invaders converted practically the whole Archipelago (the island of Bali was an important exception). In the 16th century Portuguese traders in quest of spices settled in some of the islands, only to be ejected fifty years later by the British and the Dutch (1595). The latter finally ousted the former. In 1602 the Netherlands created their East India Company. This company conquered successively the Netherlands Indies, and ruled them during nearly two centuries. After the dissolution of the company in 1708 the Netherlands possessions were governed by the mother-country from 1816 onward.

The Netherlands have been the factor that through more than three and a half centuries bound together the several groups and islands and provided an impartial arbitration for their differences. They brought the civilisation of the West in forms adapted to the character of the country and its inhabitants. Since the political awakening of Asia, to which they contributed as largely as other nations in Europe and America, their initiative and that of the Indonesians met and generally blended to a common purpose. An economy was built that has successfully withstood severe shocks, ties were formed which could not be unbound.

### Climate & Geography.

The Netherlands Indies comprise five large islands:—Java, Sumatra, Borneo, Celebes and New Guinea (the western half of the latter being Dutch, the eastern British and Australian), besides some fifteen minor but still important islands.

Two significant physical phenomena have greatly influenced the area as a human habitat. One is climate, the other volcanism. While the islands near or on the equator—Sumatra, Borneo and New Guinea, for example—have a copious rainfall throughout the year, the islands to the east and south have less total precipitation and a dry season. These latter characteristics become more pronounced toward Australia. Java occupies an intermediate position between the two types and it is likely that its relatively advanced socio-economic status throughout history has been due to its location and to the effects of its favourable climate on soil and vegetation.

In tropical wet climates the mature soils usually have been drained thoroughly of their soluble elements so that they are infertile. The best soils are those developed from recent deposits, especially those of volcanic origin. The string of islands that form the southern curve of the Archipelago—Sumatra, Java, Bali, Lombok, Sumbawa, Flores, Wetar and Banda as parts of Celebes—are volcanic, while the remainder, including all of Borneo and Dutch New Guinea, show no recent volcanic activity.

These differences explain to a great extent the wide variations in economic development between the islands, and they will doubtless play a role in the future. Modern science can overcome certain of these physical handicaps, but the fact remains, that such islands as Borneo and New Guinea, not to mention the smaller, and semi-arid islands of the southeast, are much less suitable for settlement than Java or Sumatra.

### The People in the Indies.

Total area of all islands about 735,000 square miles inhabited by 61 million people in 1930 and at present estimated at 72 million.



	Area 1,000 sq. miles	Population in 1930 (millions)
Java & Madura ..	51	41.7
Sumatra ..	164	7.5
Borneo ..	208	2.1
Riau-Lingga, Bang- ka; Billiton ..	18	0.5
Celebes ..	73	4.2
Moluccas and New Guinea ..	191	0.9
Timor ..	24	1.6
Bali and Lombok ..	4	1.8

Of the total population in 1930 (last census) of over 61 million the natives numbered 60 million most of whom of Malay stock; only New Guinea and its adjacent islands are occupied by Papuans and allied groups. Among the Malays are widely different levels of civilisation. The principal ethnic groups among the Malays in Indonesia are, apart from the Javanese who represent the majority, the Achinese (on Sumatra), Sundanese (on Java), Sasaks (on Lombok), Menadonese (Celebes), Dayaks (Borneo).

There are 25 different languages spoken on the islands which again fall into over 250 dialects. The principal languages are Javanese, Sundanese and Madurese; however, a national Malay language, called *bahasa Indonesia*, has made much progress and is now understood by most of the younger generation.

Most natives are of Muslim religion but there are also 2½ million Christians, and one million Buddhists. The natives of Bali and western Lombok are Brahmins.

About 240,000 Europeans (excluding members of the forces) were counted before the war. Chinese residents numbered about 1.3 million, mostly traders in the principal cities. Other Orientals, mainly Arabs and Indians, do not exceed 120,000.

#### Population Problems.

The success of the hygienic measures employed by the Dutch Government, the landpolicy, modern irrigation and other agricultural improvements, resulted in an increase of the population at an average rate of 2.04 per cent per annum. From 1870 to 1940 the population increased in Java alone from about 10,000,000 to 48,000,000 and Java became after the Nile Delta the most densely populated area of the world. At the moment, account must be taken of an annual increase in the population of Java of 600,000.

Java's growing need of food supplies resulting from the increase of the population mounts at the rate of 9 lb. 4 oz. per second. Every available acre was made to yield a maximum crop, some producing two, three and even four crops per annum. The limits of agricultural extension have been reached, both native and European. Extensification is no longer possible. The percentage of afforestation, now reduced to 23% of the acreage, may not be encroached on further, for

## EXCHANGE & FINANCIAL MARKETS

### GOLD TRANSACTIONS

Arrivals of gold in Macao during last week were on a large scale and expected imports for the current week were estimated at over 100,000 ozs. Much of the recent imports consists of 22 karat gold. Demand, however, keeps pace with the increasing supply. A new outlet of gold brought to Macao has been discovered by the ever more alert bullion dealers; in spite of the gold import embargo by the Dominion of India some ways and means were found to transport considerable quantities into India where prices are about 20% higher than here. The China demand continues, although with short bull periods, very active and prices paid currently in Shanghai are also considerably in excess of local and Macao rates.

The approaching Chinese (Lunar) New Year is stimulating demand for gold among those Chinese who still can afford to buy it; overseas Chinese family remittances help some recipients to transform the CN\$ drafts (obtained via Hongkong) into gold bars.

Gold stocks available for spot sales here and in Macao were exceeding last week 100,000 taels. Cash sales on the exchange amounted to 12,570 taels and outside the exchange an additional 17 to 18,000 taels changed hands. Imports into Hongkong decreased as a consequence of the many searches conducted by Hongkong Revenue officers and a number of seizures made by these organs. The transportation fee for one tael was around \$10-12 for Macao-Hongkong delivery. Macao's exchange

hydrological reasons while it also forms a reserve for the supply of timber. A more intensive agriculture may be of some additional help. But every natural limit of expansion has been reached. Yet every advantage taken of nature by the application of scientific knowledge and technic is neutralized by the very success of its results—an increase in the population.

The supply of food forms the most important internal factor, as clothing and housing do not take a prevalent place in this warm tropical country. About four fifths of the caloric value of the Indonesian menu is supplied by rice.

One of the means whereby the administration was relieving the mounting pressure of the increase in population was by financing a colonisation scheme, which had been in progress since 1905. Colonists from Java were given free transportation and financial support during the first years of settlement. Government encouragement of this scheme has been a steady policy ever since, but it has also been a costly one. Nevertheless, the administration has gone ahead with it, for it is, in view of the natural limits of Java, the only possible solution to the problem. The majority of the colonists were settled in Sumatra and an increasing number was being sent to Celebes and some to Borneo. The scheme envisaged an annual transmigration of 100,000 young childless families from Java to the Outer Islands, a number which would relieve Java to a great extent of its annual increase of 600,000.

### Constitution and Government.

Politically, the territory is under the sovereignty of the Crown, since the constitution of 1922 declared that the Kingdom of the Netherlands consists of the territory of the Netherlands, the Netherlands Indies, Surinam and Curacao.

As the representative of the Crown, the Governor-General is the supreme authority in the Netherlands East In-

dies. He was assisted by the 'Council of the Indies' with advisory power, which has now been replaced by a Council of Departmental Heads.

The power of the Governor-General and with it the influence of the Netherlands Government have been more and more curtailed in the course of this century. For, from 1901, the Netherlands have consciously aimed at the gradual abolition of colonial relationships, i.e. through the granting of political responsibility to the Indonesian people in the local and central legislature and administration. Thus municipal councils were instituted and in 1918 the 'People's Council' was inaugurated which, since 1927, has held the legislative power jointly with the Governor-General in practically all home affairs of the Netherlands East Indies.

On 7 December, 1942, Queen Wilhelmina, in a speech from the throne, announced the constitutional equality of the Netherlands Overseas Territories and the mother-country.

After the Japanese capitulation the Netherlands authority was restored in the Netherlands East Indies. On the islands Java, Madura and Sumatra, however, a revolutionary nationalist movement seized power from the Japanese. On 17 August, 1945, Dr. Soekarno proclaimed the Indonesian Republic of which he became the first President. In November, Sutan Sjahrir was appointed Prime Minister. Negotiations with the leaders of this republic led in November, 1946, to the Basic Agreement of Linggadjati which recognised the Republic.

It has been agreed upon to reshape the Netherlands Kingdom into a Netherlands Indonesian Union under the Netherlands Crown, with the kingdom and the former Netherlands East Indies as equally sovereign partners. The Netherlands East Indies will be reshaped into the United States of Indonesia, a federal structure comprising the above republic, Borneo and the newly created state of East Indonesia.



shops (cambistas) quote usually \$15 per tael less than Hongkong's native banks. However, towards the middle of last week the Macao rate came more in line with the local price which was caused by many direct "exports" of gold from the Portuguese Colony to Canton—Canton was swamped with fresh gold—and the expectation of more exports to India.

The local highest and lowest prices were respectively \$330½ and \$311½, the cross rate amounting to US\$53¼ highest and US\$51½ lowest. In Shanghai the cross rate at one time touched US\$60 but on the average moved around US\$55/57. Shanghai's gold markets quoted per ounce, day by day, in CN\$ millions:—8.6; 9.3; 9.6; 8.5; 9.5; 10.5. The highest price reached was CN\$11 million. Canton's gold exchange quoted one tael, in HK\$, day by day, averages: 316.18; 319.21; 322.25; 323.26; 325.27; 321.24.

The local gold market was impressed by the possibilities of sterling devaluation which is internationally discussed and, as a consequence of the situation in France where an open market in foreign exchange has been officially recognised, appears not impossible sometime during this year. The Franc devaluation of 80% is a very far-reaching measure and its implications cannot yet be foreseen. Gold hoarding, as a means to forestall losses in case of currency devaluations, may receive some stimulus from the French action. Furthermore, the clamour in many influential circles in the U.S. for a revision of the unrealistic fixed price of US\$35 per oz. has recently become more audible and arguments advanced in favour of a higher price of gold, say US\$42, i.e. a 20% upwards adjustment, carry much logical support. Although gold hoarding is economically unsound and brings no returns the feeling of distrust in the stability and the purchasing power of all currencies is at times growing so strong that the urge to sink one's funds into gold cannot be resisted.

#### SILVER BUSINESS.

New York demand has been buoyant throughout the last few months which kept local prices on a rather high level. Arrivals of silver from the interior were on the average 100,000 taels per week. Silver shipments to the U.S. in December amounted to almost half million taels. Current silver quotations here are \$3.75 per tael, \$2.40 per silver dollar (Yuan Shih-kai mint), \$1.85 per 20 cents silver coin. The New York and

London rates remain unchanged at US\$0.74-5/8 and 45d. respectively.

#### HONGKONG TREASURE TRADE, IN DECEMBER.

There were no recorded gold movements in December 1947. Silver exports for December were as follow:—silver bars and ingots to a value of \$1,471,626, silver dollars (Chinese coins) \$35,768, and silver subsidiary coins \$140,576, all of which were shipped to the U.S.A. Silver exporters are obliged to offer for purchase 25% of their US\$ credits to Hongkong Exchange Control. No silver imports were recorded here either in December or in any previous month.

#### TREASURE TRADE OF THE U.S.

For the week ending December 31, 1947 exports of gold from the U.S. amounted to US\$2,360,967, the largest part of which was shipped to Saigon in Indochina viz. US\$1,913,081 involving

a quantity of over 55,000 troy ounces. It is this gold from the U.S. (usually of Canadian or Peruvian origin being re-exported from Pacific coast ports by air to the Far East) which is then hauled by the Catalina flying boat from Saigon into Macao.

Silver exports from the U.S. for the same week totalled US\$131,239 while imports amounted to a value of US\$911,811 involving a quantity of over 1.2 million ounces. Part of these silver imports originate in Hongkong. During the last five months Hongkong silver exporters have made regular shipments to New York.

#### US\$ TRANSACTIONS.

The local supply of US drafts and notes has again increased owing to the seasonal swelling of inward remittances from overseas Chinese prior to Lunar New Year. However, the unofficial US\$ quotations showed last week a harden-

### HONGKONG OFFICIAL EXCHANGE RATES AGREED MERCHANT RATES

MAXIMUM SELLING				MINIMUM BUYING			
STERLING.	1/2	15/16	delivery within 2 months with a cut of 1/32 for every further 3 months forward.	1/3	1/32	T.T.	
				1/3	1/16	O/D.	
				1/3	3/32	30d/s.	
				1/3	1/8	60-90d/s.	
				1/3	5/32	120d/s.	
—Do—				1/3	1/8	O/D if under L/Credit.	
(East & South Africa)				1/3	3/16	O/L with L/Credit	
—Do—						1/32nd up every 30d/s.	
(West Africa & West Indies)				1/3	5/16	O/D if under L/Credit.	
				1/3	3/8	O/D with L/Credit.	
RUPEES (India)	82	%				1/32nd up every 30d/s.	
				83	%	T.T.	
				84	%	O/D.	
				84	1/8	7 & 30d/s.	
				84	1/4	60d/s.	
				84	%	80d/s.	
—Do— (Rangoon)	82	%				All buying rates	
—Do— (Aden)	82	%				3/16th higher than India.	
				84	1/8	O/D if under L/Credit.	
				84	1/4	O/D without L/Credit.	
				84	3/4	30 & 60 d/s.	
STRAITS \$	53			53	%	T.T. & O/D.	
				34	3/4	30 & 60d/s.	
U.S.\$	24	15/16	delivery within 2 months with a cut of 1/16 for every further 3 months forward.	25	1/4	T.T.	
CANADIAN \$				25	5/16	O/D—30d/s.	
				25	3/8	60—90d/s.	
U.S.\$ NOTES				25	%	(Banks to pay Insurance and Postage).	
AUSTRALIA.	1/6	1/2		1/6	3/4	T.T.	
				1/6	15/16	O/D.	
NEW ZEALAND.	1/6	7/16		1/6	13/16	T.T.	
				1/6	7/8	O/D.	

### HONGKONG UNOFFICIAL EXCHANGE RATES (IN HK\$)

Jan.	Gold per Tael		CN\$ (per one million)				S'hai Canton		Notes	US\$ (per 100)		Pound				
	High	Low	Spot	High	Low	Forward	High	Low		T.T.	T.T.	Draft	T.T.	I.C.\$	Guilder	Baht
19	318½	311½	38¾	38½	33	32¾	33½	36½	500	496	504	11½	36	25½	13.2	
20	319	314¾	39½	38½	64	33¼	33¾	35¾	499	495	504	11½	33½	25½	13.1	
21	324	317	40½	39½	35	33¾	34½	35¾	499	497	504	11½	33¾	26¼	13	
22	324	318	39¾	37½	35	34	35½	35¾	500	499	506	11½	33¾	26½	13.2	
23	323	316¼	37¾	32½	34¾	32¼	34½	34¾	498	497	505	11½	33¾	26	12.8	
24	330½	323¾	36½	35½	32	31¼	32½	35	502	501	508	11½	33¾	26½	12.7	



ing trend which was caused by firmer merchant demand and some speculative buying of TT New York as well as gold importers continued requirements. The arrival of several ships from the U.S. unloading here considerable quantities of American goods coincided with some nervous buying of free funds in New York on the part of those who are scared about the possibility of sterling devaluation. If not for the influx of US drafts, a considerable number of which are bought by brokers for returning them to New York where the depleting open funds are continually restored to the old levels, local US\$ rates would have advanced last week. The highest and lowest rates for the past week were: notes HK\$504-497; drafts 502-494; TT New York 508-504. Cross rates were US\$3.17½ and 3.15 (max. and min.).

#### BANK NOTE MARKETS.

Nica guilders reached under the impression of a return to normalcy in the Netherlands Indies \$39 but settled down to around \$33½ when it appeared that trade revival with Indonesia may yet be far off. Siamese baht notes were in good demand at quoted rates (see the table). Indochinese piastres sold on the spot market amounted to 5 million but rates were unchanged at \$11½; while there was much merchant demand as goods from Indochina arrived here in larger quantities, the franc devaluation caused speculative unloading of piastres. Pound notes were sold by some large native banks or their clients as the sterling devaluation scare made them feel uneasy about their hoards.

#### CHINESE MONEY MARKETS.

The official market rate of TT London and New York remained unchanged and the black markets in China did not yet resume their upward movement which, however, is expected after Chinese New Year and at any rate during the latter part of February with a vengeance. Local market rates for CN\$ notes dropped again and remittance rates were weak in spite of large overseas Chinese remittances from America and Far Eastern countries which were converted here into CN\$. Chinese flight capital keeps on flowing out of Shanghai and other North China centres. Large amounts of CN\$ (in notes and drafts) arriving here are converted into gold which is then kept in the Colony. Highest and lowest CN\$ prices here were: notes spot HK\$40½-32½; forward \$35-31½ (for one million CN\$). Shanghai remittances were discounted in Canton between 7-15% owing to the continued lively demand in Shanghai for remittances to the South.

Hongkong notes in Canton quoted highest CN\$30,300 and lowest 27,200, and in Shanghai between 33/35,500. US\$ notes in Shanghai opened the week at CN\$160/165,000, advanced daily and closed at 180,000. The money market in Shanghai was officially tight but the accumulated piles of paper money in

the hands of the public have again increased due to further inward remittances. The rate of interest moved between 26-28% per month. Dishonoured cheques in Shanghai for the week ending Jan. 17 numbered 31,559 amounting to CN\$848 billion. The quantity of newly printed notes has increased everywhere and the 100,000 bills have become familiar in every city. Hongkong printed notes (so-called Customs Gold Units) have been sent in big loads to China.

### Vagaries of Gold and Silver Trading.

The main consideration for silver dealers in Canton is the changing rate of transportation fees and protection expenses. Since recently the demands made by the protection organisations in South China have uniformly increased—probably a consequence of lessened merchant business and decrease in the movement of commercial cargo between South China and abroad—the silver dealers had to be satisfied with smaller profits. Their hope for higher New York rates, entertained by many silver hoarders in the interior, was, however, blasted when reports from the U.S., currently the only market for silver from China, made it certain that the trend was downwards.

The current transportation plus protection fees per 1,000 taels amount to about H.K.\$ 100 against \$50 to 80 last November at which time local and Canton prices were some 4% higher. The unofficial silver exchange of Canton quoted last week about H.K.\$ 3.65 per tael and 2.25 per silver dollar coin (of approx. 0.72 tael) against local rates of \$3.80 and 2.40 respectively. Local importers are now back to the wall with a profit margin of \$40 to 70 per 1,000 taels against the usual profit range of last year between \$100 to 140.

Average shipments from Canton to Macao and Hongkong amounted to 5,000 taels daily during the last 10 days or so. There is a tendency to hold out for better prices among Canton dealers which is nurtured by the recurrent reports, although entirely without foundation, that China may re-adopt the silver standard.

Gold dealers from Shanghai—who make routine calls on the Colony—aver that about 100,000 ozs. of gold were imported into Shanghai during the last four weeks. The recent daily movement of gold into Shanghai has been estimated at 2,500 ozs. which compares with only 1,000 ozs. going, allegedly, every day to Canton, most of which is shipped directly from Macao. There are some very powerful groups of protectors who, against certain fees, organise and deliver any quantity of gold. The current transportation plus protection fee per ounce is \$20 for Shanghai delivery and \$8 for Canton delivery. Bullion dealers seem to be satisfied with this arrangement which, although curtailing their profits, enables a smooth

business, precludes confiscations and increases the turnover.

The number of especially young people who take part in the gold transportation business—outside the influential and well-connected groups which can bestow protection at a price—is surprising but understandable in view of the poor employment position in Shanghai. Many Chinese youngsters without any proper occupation come habitually to the Colony where they have their sources for making purchases of gold and merchandise which they carry, by ship and plane, to any city in China. These small-time operators are usually not trusted by local merchants and dealers and experience has taught them to beware even of the best cronies as betrayal, double-dealing, faked confiscations, outright treachery have only been too frequent.

#### Hongkong Gold Exchange.

Trading at the Gold & Silver Exchange Society is done in an orderly fashion and well controlled by the Committee. However, many of its members keep on doing business outside the official market which is often much bigger than the recorded turnover. Furthermore, there are many non-registered gold brokers who either do business entirely on their own—particularly if they possess sufficient capital or credits—or are affiliated with one or the other native bank.

The volume of trading in spot gold both at the Exchange Society and outside amounts now on the average to 5,000 ounces every day. The total turnover in forward gold is much higher, usually about 50,000 ounces per day. Forward trading is carried out secretly by members of the Exchange Society and others who would never like to disclose the names of transacting firms and the daily turnover. Through members of the Society, non-member traders regularly carry out forward business. For every \$100 transaction, the Society charges five cents commission from both sellers and buyers.

The 200 member native banks, goldsmiths, silversmiths and exchange shops are obliged to pay a deposit of \$150,000 each to the Society for permission to do business transactions at the Society (two trading sessions daily—one between 9 a.m. and 12.30 p.m. and the other from 2.30 p.m. to 5 p.m.—except Saturday afternoons, Sundays and general holidays). The Society keeps account books for every member and settles their respective accounts at the end of the day's session. Members are obliged to settle their differences in accounts with the Committee of the Society. Should their deposits run below \$150,000, they are called upon to pay up the balance. On the other hand, should their balance show more than \$150,000, they are allowed to withdraw the excess amount. Financially the Society is powerful and sound; it never sustains any loss. Whatever profits are daily made as commissions, as well as the deposits collected from members, it invests in real estate, public



companies' shares, etc. The amount of deposits it holds from its 200 members totals \$30,000,000, much of it in cash.

## PLATINUM'S HIGH VALUE & UTILITY

Platinum is a rare metal, which almost always occurs native, but which also exists in the ore known as "sperry-lite", a very rare compound sometimes found near copper and nickel ores. Native platinum occurs in greyish, malleable nuggets, grains, crystals, or very small cubes, frequently in placer deposits of gold. It has a greyish streak, and is not actually pure, as it contains only from 70 to 86.5 percent of platinum, the remaining constituents being usually iridium, rhodium, palladium, osmium, ruthenium, gold, silver, lead, copper, or iron. It is often found associated with chromite. The world's annual supply of platinum is from 9 to 10 tons, about one-half of which comes from the Ural Mountains in U.S.S.R., the remainder from the United States, Canada, Brazil, Mexico, Peru, Burma, Borneo, Australia and New Zealand.

In reducing platinum ore the ore is first washed in order to separate sand and gravel, the gold and silver being afterwards removed by amalgamation. The residue is treated with nitric acid to dissolve out the base metals present, and is then boiled with dilute aqua-regia (a mixture of nitric and hydrochloric acids). After the solution thus formed has been evaporated, and the residue mixed with alcohol and ammonium chloride, the platinum is precipitated as a double chloride, which is then washed, dried and heated in a plumbago crucible, the platinum finally appearing in the form of a black sooty powder known commercially as "platinum black" or "platinum sponge", a substance which is next formed into bars or sheets by means of heat and pressure and by being hammered or rolled. Another method of recovering platinum from the ore is to treat the ore, together with galena or litharge, in a reverberatory furnace, the alloy thus formed being afterwards cupelled.

Platinum is a brilliant white or greyish white metal, usually somewhat dull externally, sufficiently soft that it can often be cut with a knife, highly malleable, very tenacious, and easily welded; it is also extremely ductile, and is capable of being drawn out to so fine a wire as to be invisible to the naked eye, this class of wire being made by covering fine platinum wire with a heavy coating of silver and then drawing out the compound wire as fine as possible, the silver being afterwards dissolved away by means of acids. Although platinum is so soft, it is very difficult to work. It is one of the most infusible of the metals, and can be melted only in a compound blowpipe flame, oxy-hydrogen flame, or by the electric arc. It has a melting point of about 1,753°C., and a specific gravity of 21.5 to 21.531, and weighs 1,343.9 pounds per cubic foot and 0.775 pound

per cubic inch, thus being one of the heaviest substances known. Platinum resists the action of moisture, and will not oxidise in the air at any temperature. It is insoluble in even the strongest of the simple acids, but dissolves, though not readily, in aqua-regia. Owing to its remarkably strong resistance to the attacks of intense heat and of strong acids, platinum is much used in making crucibles, dishes and other vessels, which are invaluable in the chemical laboratory; it is also used in electric-light bulbs to connect the terminal with the carbon filament, and in self-lighting incandescent lamps; in dentistry; in photography; in tipping gold pens, and as a non-corrosible covering for articles which have to resist the action of oxygen and other agents. It is extensively used in jewellery, instead of gold, in making rings, pins, etc., in which diamonds are to be mounted, as it displays the stone better than gold does, gold intensifying or emphasising any yellowish tint that may be present in the diamonds, whereas platinum, on account of its colour, makes the undesirable yellow tint less conspicuous.

Platinum is exceedingly valuable, the normal value being from two and a half to three times the value of gold. Platinum usually appears in commerce in the form of sheets, foil, wire or basins.

## CONTROL OF BANKING IN HONGKONG.

The Banking Ordinance, 1948, has been introduced by Government since there has not existed hitherto any legislation for the control of banking business in the Colony and a large number of banks and banking firms established themselves here after the war of whom several possessed inadequate capital, others conducted only speculative business which often was in contravention of the exchange and trade regulations of Hongkong. Legislation which now has been provided will take care of the licensing and regulation of banking business here.

### Interpretation of Terms:

"bank" means any person carrying on banking business or using the words "bank" or "trust" or any derivative thereof as part of the title under which business is carried on or using any name implying that such person carries on the business of banking but shall not include a registered co-operative society.

"banking business" means the business of a bank engaged in the receipt of money on current or deposit account or in payment and collection of cheques drawn by or paid in by a customer or in the making or receipt of remittances or in the purchase and sale of gold or silver coin or bullion;

"company" means a company incorporated under the Companies Ordinance, 1932 or a company which has complied with Part XI sections 318 to 327 thereof or a company formed in pursuance of some other Ordinance, Act of Parliament of the United Kingdom or of letters patent of the United Kingdom, or a Chinese Native Bank;

"note-issuing bank" means the Chartered Bank of India, Australia and China, the Hong Kong and Shanghai Banking Corporation and the Mercantile Bank of India Limited.

### Banking Business to be Transacted only by a Company Licensed by Government.

No banking business shall be transacted in the Colony except by a company, and no company shall continue or commence to carry on banking business in the Colony without obtaining from the Governor in Council a licence so to do. The Governor in Council may in his discretion, and without assigning any reason therefor, refuse to grant such a licence.

### Advisory Committee.

The Governor may appoint an advisory committee consisting of such persons and appointed on such terms as he may think fit to advise him on matters relating to banking business. The Governor in Council may, after consultation with the advisory committee and if he considers it to be in the public interest so to do, order any licensed bank—

(a) to produce to such person and within such period as may be named in such order any books, accounts or documents of any such bank;

(b) to delete from the name under which it is carrying on business the word 'bank' or 'trust' or any derivative thereof, or any other word or words forming part

(c) to refrain from carrying on banking business;

(d) to return for cancellation by the Financial Secretary any licence issued to such bank.

Provided that before any order is made the Governor in Council shall give such licensed bank notice in writing of his intention to make such an order and shall afford such licensed bank an opportunity of submitting to him a written statement of its case.

### Annual Licence Fee of \$5,000.

Every licensed bank shall pay to the Government of Hong Kong an annual fee of five thousand dollars. Such fee shall be payable as at the date of the grant of a licence and thereafter upon each anniversary of such date.

### Exhibition of Audited Balance Sheet.

Every licensed bank is to exhibit in a conspicuous position in every office or branch a copy of its last balance sheet.

### Non-eligible Persons

The following persons cannot act as directors or be concerned in the management of a bank: directors and managers of a bank which has been wound up by a court, or persons who have been sentenced for dishonesty.

### Note-issuing Banks.

The issue in the Colony of any bank notes by a licensed bank other than the three note issuing banks is prohibited.

### Transitional Provisions.

Applications for licensing of banking business are to be made to the Financial Secretary within 30 days of the commencement of the Ordinance. All applications are referred to the Governor in Council. If an application is refused the bank will have to cease to do any new business and prepare for liquidation within 90 days.



## HONGKONG STOCK & SHARE MARKET

A more optimistic tone prevailed during the week, Jan. 19 to Jan. 23. Prices generally were well maintained with a few counters led by Watsons scoring gains. Turnover was around \$2½ million which was considered good in view of the shortened trading days due to the annual Racing Carnival. The tone at the close was firm, indicating the trend is still upward despite the approach of the Chinese New Year, which this year falls on February 10.

The main factors causing the improvement are purely local, and traceable to rumours of the working results of most companies for the past year. It is generally believed that all of them will show improved results. In addition two other factors are exercising the attention of investors, viz., (1) renewed rumours of sterling devaluation, and, (2) possibility of advancement in the U.S. gold price.

Revival of sterling devaluation rumours emanated in London where it is felt that the contemplated devaluation of the Franc, which is causing concern in London and Washington, will be followed by similar action in every Western European country. The French determination to carry out its plan is regarded as the writing on the wall.

It is interesting to note that the present value of the U.S. gold holding, at \$35 per ounce, is in the region of \$23 billions. In the event of devaluation by countries outside the \$ bloc what will be the reaction in Washington? Can the U.S. stave off depression descending upon her if gold remains at \$35 an ounce, against the unceasing decline in the internal purchasing power of its dollar, which is now said to be below 50% of its pre-war value? These are paramount questions taxing the brains of economists and capitalists alike. Meanwhile, what better safety haven for cash than selected securities which are easily bought and sold and yield satisfactory returns?

Therefore, it should not be unexpected if the upward swing, which commenced somewhat modestly with clear indications, expands with, naturally, intermittent dips.

The Felix Elms' price index showed a net gain of .68 compared to the close of the previous week. Day-by-day his averages were: Jan. 19. 146.09; Jan. 20. 145.98; Jan. 21. 146.16; Jan. 22. 146.65; Jan. 23. 146.96. The high and low for 1947 were 155.82 and 123.88 respectively. The low for 1948 was 145.26 on Jan. 14 and the high 146.96.

**BANKS:** Business was done in H.K. BANKS at 2,040 and 2,025.

**INSURANCE:** CANTONS came to business at 370. UNIONS were done at 785 and 790, while UNDERWRITERS had sales at 6½.

**SHIPPING:** A little more business was done in WATERBOATS old at 47½.

**DOCKS & GODOWNS:** Business in this section were as follows: H.K. DOCKS at 34½, 34, 34½, 35; PROVIDENTS at 23½, 23½ and 23½; S'HAIR DOCKS at 24 and 24½.

**MINING:** Raubs had transactions again at 5½.

**HOTELS & LANDS:** The following sales were reported in this section: HOTELS at 24½, 24½, 24½ and 24½; H.K. LANDS old at 82; and the new at 79½ and 80; S'HAIR LANDS at 5.65; HUMPHREYS at 29, 29½ and 29.

**UTILITIES:** Business in this section were at the following rates: TRAMS at 24, 24½ and 24½; STAR FERRY at 125; YAUMATI FERRY at 30; CHINA LIGHT old at 20.30, 20.40, 20½ and 20½; ELECTRIC old at 52, 52½, 53, 54, 54; ELECTRIC new at 50, 51½ and 51; TELEPHONE new at 38.

**INDUSTRIALS:** CEMENT old at 32½, 33, 33½ and 34, and the new at 31, 31½ and 32; ROPES at 20 and 20½; DAIRY FARM X Rt. at 61, 60½, 60, 61 and 62, and RIGHTS at 40½ and 40; WATSON at 72, 75 and 76.

**STORES:** LANE CRAWFORD had sales at 54. Other business in this section were SINCERES at 8.40; KWONG SANG HONG at 200 and WING ON at 130.

**MISCELLANEOUS:** Several dormant issues came to business such as MARSMAN H.K. at 145, VIBRO at 11 and CONSTRUCTION old at 6½.

**COTTONS:** EWOS were taken at

16½ and 17.

**RUBBERS:** Sales were reported in SEMAGAGA at 1.55 and TEBONG at 60 cts.

for the week ending January 23.  
Total sales valued \$2,261,357.

## HONGKONG STOCK EXCHANGE TRANSACTIONS

Stock	Highest	Lowest	No. Shares Sold
H.K. Bank	2,045	2,025	28
Union Ins.	790	785	115
Docks	35	34	3,780
Providents	23½	23½	8,263
Hotels	24½	24½	3,600
Lands, Old	82	82	1,525
Lands, new	80	79½	360
Humphreys	29	29	1,000
Trams	24½	24	6,100
Star Ferry	125	125	202
Electric, old	54	52	3,666
Electric, new	51½	50	760
Lights, old	20½	20.30	5,300
Cements, old	34	32½	5,250
Cements, new	32	31	750
Ropes	20½	20	2,000
Dairy Farms	62	60	1,916
Dairy Farm, Rt.	40	40	665
Watsons	76	72	3,350
S'hai Docks	24½	24	5,000
Ewos	16½	16½	1,200

In addition there were the following sales: \$52,000 of H.K. Govt. Loan (4%) at \$105; 22 shares of Bank of East Asia; 100 shares of Yaumati Ferry at \$30; 30 new Lights; 300 new Telephones at \$38; 120 Lane Crawfords at \$54; 200 Raub Mines; 500 Sincerers at \$8.40; 1,000 Vibro Piling at \$11; 2,300 Construction at \$6½; 850 Waterboats at \$47.25; 5,000 Marsmans at \$1.45; 10 Kwong Sang Hongs at \$200; 7,000 Underwriters at \$6.50.

## KOWLOON - CANTON RAILWAY

During the year 1947 the Kowloon-Canton Railway carried a total of 2,572,805 passengers and 135,807 tons of freight. In local traffic of the Colony a total of 756,834 passengers and 4,519 tons of freight were carried. In the traffic between Hongkong and Canton a total of 1,815,971 passengers and 131,288 tons of cargo were carried.

Following are the figures for the local and foreign traffic of the Kowloon-Canton Railway for the year 1947:—

1947	PASSENGER				FREIGHT (IN TONS)			
	Local		Foreign		Local		Foreign	
	Up	Down	Up	Down	Up	Down	Up	Down
January	33,647	33,267	63,790	88,725	293	7,957	261	
February	27,070	24,784	79,016	79,660	503	7,486	454	
March	37,528	28,086	65,238	79,831	412	11,929	93	
April	41,474	29,193	92,136	116,253	446	12,918	351	
May	39,316	23,691	87,364	81,819	416	14,569	1,088	
June	29,522	28,940	63,767	69,718	205	15,230	379	
July	39,289	33,035	72,692	58,923	509	8,455	165	
August	34,594	28,761	82,901	69,034	59	9,866	127	
September	2,630	3,177	*	*	319	4,468	45	
October	35,879	29,432	89,064	78,473	354	13,343	167	
November	45,975	39,163	110,619	92,710	707	9,910	663	
December	45,104	43,277	104,375	89,944	296	10,040	324	
	412,028	344,806	910,881	905,090	4,519	127,171	4,117	

\* This period coincides with the period of the Strike and therefore no passengers were carried.



## FOREIGN TRADE OF CHINA FOR THE FIRST TEN MONTHS OF 1947

The foreign trade in China, as far as recorded by the Chinese Maritime Customs, for the first ten months of 1947 resulted in total imports valued U.S. dollars 427.8 million, total exports valued U.S. dollars 176.9 million, and an unfavourable balance of trade of almost U.S.\$ 251 million.

### Imports and Exports of China for January to October, 1947 —in millions of U.S. dollars—

Month	Imports	Exports	Deficit
January ..	44.7	14.3	30.4
February ..	43	16.2	26.8
March ..	35.2	11.8	23.4
April ..	42.6	17.2	25.4
May ..	42.7	34	8.7
June ..	48.6	21.8	21.8
July ..	59.1	19.4	39.7
August ..	50.4	25.7	24.7
September ..	34.3	6.8	27.5
October ..	32.2	9.7	22.5
	427.8	176.9	250.9

The monthly trade deficit of China, as far as recorded trade is concerned, has amounted for the first 10 months of the year to a monthly average of over U.S.\$ 25 million. Unrecorded trading, both imports and exports, has been very large during the year 1947; an estimate by the United Nations Food Administration (vide our issue of Nov. 12, page 576) spoke of a monthly deficit of U.S.\$ 34 million probably basing its figures on the large volume of unrecorded trade carried on by influential circles in China.

### Exchange Rates and Valuations.

The Chinese Customs are in the habit of revising their monthly returns long after statistics have been published. This has, once again, happened for the month of September when cotton and cereals imports were originally given with far lower figures than was actually, as per revision, the case. In our issue of Dec. 10, pp. 676/79, the trade of China for Jan./Sept. 1947 was reviewed. Then, cotton and cereals imports were given as having amounted in Sept. to C.N.\$ 234 and C.N.\$ 30 billion; however, the revised figures are now 585 billions for cotton, and 43 billions for cereals imports. And total imports for Sept. 1947 value now not C.N.\$ 1,076 billion but C.N.\$ 1,440 billion.

Furthermore, the calculations of the Chinese Customs as regards import values have also undergone a change. In our Dec. 10 issue we elaborated the difficulties facing an analyst with regard to Chinese trade figures; when given in C.N.\$ billions and trillions they mean practically nothing as a consequence of unrelenting inflation and official devaluations of the Chinese currency. Therefore the astronomical trade figures of China have to be computed into U.S.\$.. There emerged, how-

ever, some confusion when the Chinese Customs at first announced that valuations of imports of specified commodities (viz. cotton, rice, wheat, wheat flour, coal and coke) would continue on the basis of the official exchange rate of Central Bank of China while all other commodities would be valued at the market rate (i.e. the official exchange rate of Central Bank of China which is altered periodically in consonance with the black market rate, however, trailing always considerably behind. In October, the Chinese Customs (after having revised the import figures for cotton and cereals) came out with the following explanation: "While the *duty-paying value* of the six commodities (raw cotton, rice, wheat, wheat flour, coal, and coke) if on a c.i.f. basis, are assessed in accordance with the *official rate* of exchange, the *returns values* thereof must be the c.i.f. value calculated at *market exchange rates*, as in the case of all other commodities."

That means that all import and export C.N.\$ figures of the Chinese Customs are adjusted to the market rate of exchange of Central Bank of China.

While in Jan. 1947 one million Chinese dollars valued officially U.S.\$ 296.74 this official exchange rate was subsequently lowered (to U.S.\$ 198.30 in Feb., and U.S.\$ 81.97 in March through August 16th) and as from Aug. 18th a so-called market rate has been introduced. The first average market rate for the second half of August was U.S.\$ 25.55 (per one million C.N.\$), it was lowered in Sept. to U.S.\$ 23.85, and in October to U.S.\$ 18.44. These rates are the monthly average equivalents adopted by the Chinese Customs for valuation purposes of all import and export commodities. Besides the Chinese dollar equivalent market rate for October of U.S.\$ 18.44 per one million C.N.\$, the following rates were officially established for computation purposes:—H.K.\$ 99.79, Rupees 83.24, Straits \$53.16, Swiss fr. 72.05 per one million C.N.\$; and 1½ pence for C.N.\$ 1,000.

### IMPORTS & EXPORTS OF CHINA For January to October 1947. BY COUNTRIES.

	IMPORTS		EXPORTS	
	Millions of C.N.\$	%	Millions of C.N.\$	%
Aden, Perim ..	57,502	0.80	25,191	0.93
Arabia ..	70,235	0.97	2,468	0.09
Argentina ..	12,661	0.18	2,753	0.10
Australia ..	108,807	1.51	14,548	0.54
Belgium ..	153,892	2.13	22,234	0.82
Brazil ..	249,159	3.45	2,205	0.08
British North Borneo ..	8,395	0.12	22	—
Burma ..	114,053	1.58	16,523	0.61
Canada ..	224,779	3.11	11,872	0.44
Denmark ..	1,285	0.02	2,922	0.11
Egypt (incl. Anglo-Egyptian Sudan) ..	28,506	0.39	7,627	0.28
Finland ..	9,684	0.13	—	—
France ..	65,682	0.91	64,966	2.41
French Indo-China ..	32,749	0.45	7,553	0.28
Germany ..	1,518	0.02	—	—
Great Britain ..	504,463	6.99	231,147	8.56
Hongkong ..	129,531	1.79	1,325,161	49.08
India ..	576,969	7.99	71,554	2.65
Iran (Persia) ..	259,669	3.60	1,712	0.06
Italy ..	42,022	0.58	68,062	2.52
Japan ..	111,555	1.55	85,174	3.16
Macao ..	24,353	0.34	21,542	0.80
Malta ..	325	—	3	—
Mexico ..	6,102	0.08	819	0.03
Netherlands ..	21,640	0.30	45,752	1.69
Netherlands East Indies ..	14,025	0.19	1,310	0.05
Norway ..	57,465	0.80	6,235	0.23
Paraguay ..	—	—	—	—
Peru ..	14,190	0.20	—	—
Philippine Islands ..	10,393	0.14	44,002	1.63
Siam ..	72,585	1.01	26,725	0.99
South Africa ..	12,492	0.17	4,226	0.16
Straits Settlements ..	260,083	3.60	54,945	2.04
Sweden ..	38,953	0.54	27,202	1.01
Switzerland ..	90,594	1.26	7,263	0.27
U.S. of America ..	3,754,725	52.01	423,164	15.67
U.S.S.R. ..	31,567	0.44	28,355	1.05
Other Countries ..	46,698	0.65	44,675	1.66
Total ..	7,219,324	100.00	2,699,931	100.00



CHINESE TRADE FIGURES IN  
BILLIONS OF C.N.\$ FOR JANUARY  
TO OCTOBER, 1947:—

	Imports	Exports
January .. .. .	150.6	48.4
February .. .. .	216.8	81.8
March .. .. .	430.0	144.9
April .. .. .	520.4	210.9
May .. .. .	521.4	415.1
June .. .. .	532.4	266.7
July .. .. .	721.6	236.9
August .. .. .	938.5	478.1
September .. .. .	1,440.5	286.7
October .. .. .	1,746.7	530.0
	<u>7,219.3</u>	<u>2,699.9</u>

PRINCIPAL EXPORTS  
OF CHINA PRODUCE.

Chinese exports of produce, as recorded by the Chinese Maritime Customs, were shipped abroad for the period of January to October 1947 as follows:—

**Living Animals:** cattle 26,005 head, of which 24,505 sent to Hongkong, 1,226 to Macao, 274 to Indochina. Pigs 395,887 heads, of which 378,648 to Hongkong, 13,768 to Macao. Poultry 3,664,888 pieces, of which 3,465,647 to Hongkong, 181,020 to Macao.

**Bristles:** 3.2 million kilograms, of which 1.8 m. kgs. to U.S., 718,000 kgs. to U.K., 338,000 to Hongkong, 154,000 to U.S.S.R., 60,000 to Australia, 37,000 to Belgium, 25,000 to France.

**Fresh Poultry Egg,** in shell, 101 million eggs, of which 86.6 m. to Hongkong. Whole egg, melange, moist and frozen, 3,090 tons, all of which, via Shanghai, to U.K. Preserved and salted eggs 16 million pieces of which over 15 million eggs to Hongkong.

**Duck Feathers,** 1,349 tons, of which 991 tons to Hongkong, 188 t. to U.S.

**Pig Intestines** 543 tons, of which 142 tons to Belgium, 134 to U.S., 22 to Hongkong, 67 to Holland, 56 to Italy, 43 to France, 33 to U.K.

**Goat skins,** undressed, 1,380,000 pcs., of which over 1.2 million pcs. to U.S. Most other hides and skins to the U.S. particularly 764,000 pcs. of kid skins, 277,000 of kolinsky skins, 316,000 of lamb skins, 801,000 of weasel skins.

**Fresh fish** 5,641 tons practically all of which to Hongkong. All other Chinese sea products were exported practically only to Hongkong.

**Yellow Beans** 58,778 tons, of which 18,544 to U.K., 16,000 to Italy, 5,800 to France, 6,700 to Holland, 4,350 to Sweden, 2,780 to Hongkong. The beans came mostly from Manchuria, 51,500 tons shipped out from Chinwangtao.

**Nutgalls,** 1,464 tons, to Hongkong 910 tons, to U.K. 305 tons, to U.S. 100 t.,

HONG KONG'S TRADE RETURNS  
FOR DECEMBER 1947

(BY A TRADE ANALYST)

The increase in Hong Kong's Trade which has been manifest throughout the year continued during December when recorded imports were \$176,935,439 compared with \$167,850,276 in November, while exports rose to \$125,079,584 from the November figures of \$123,880,561.

Imports of dyes increased by \$4½ million, of oils and fats \$3 million, and of foodstuffs \$2¼ million, while there were appreciable increases in fuels, metals and wearing apparel, but the import of mineral ores fell away by \$1¼ million. Exports of oils and fats increased by \$7 million, of metals \$2¼ million, of foodstuffs and provisions \$2 million and wearing apparel \$1½ million, but textiles showed a sharp drop of \$7 million.

Imports from the British Empire decreased \$25 million, but foreign countries sent additional goods to the value of \$34 million of which U.S.A. accounted for \$21 million.

The tightening of export controls in the United Kingdom was reflected in imports from the Home Country, which dropped by

\$9 million. There were fewer textiles (\$2½ million), tobacco (\$2 million), dyes (\$1 million) and metals (\$1¼ million). Exports to the United Kingdom, however, increased by \$2½ million, mainly foodstuffs and sundries.

Imports from Australia were down by \$3 million as fewer textiles and foodstuffs were imported. The drop in imports from Burma was due to the fact that no rice arrived from that country during the month. Imports from Canada increased by \$1 million, mainly paperware and liquor.

Imports from British Malaya fell by no less than \$10 million of which oils and fats accounted for \$7 million, textiles \$1 million and sundries \$2 million. Exports on the other hand, increased by \$3 million of textiles and wearing apparel. The decrease of \$6 million in exports to South Africa is accounted for by the prohibition of the export of gunny bags to that country.

Imports from Belgium continued to decrease due to currency restrictions. Building materials, paper, paints and textiles all

to Belgium 95, to France 53, to Switzerland 34, to Holland 12.

**Cassia lignea** 6,024 tons, of which 4,353 to Hongkong, 1,654 to Macao.

**Rhubarb** 151 tons, of which 66½ to Hongkong, 27 to U.K., 39½ to U.S.

**Medicinal substances** 4,773 tons, most of which (4,213 tons) to Hongkong.

**Vegetable Oils:**—1,106 tons of Bean Oil (812 tons to Holland, 293 tons to Switzerland); 1,271 tons of Cottonseed Oil (to France, Holland and Sweden); 2,270 tons of Groundnut Oil, of which 980 to Hongkong, 636 to Holland, 175 to Italy, 152 to Belgium; 15,103 tons of Teaseed Oil, of which 13,348 tons to Hongkong, 777 tons to U.S., 365 to Holland, 265 to Italy, each 152 tons to U.K. and France.

**Tung (China wood) oil:** 57,740 tons, shipped to Hongkong 36,215, U.S. 10,868, U.K. 5,701, and other countries. (Macao figures in the Chinese Customs statistics with only 23½ tons).

**Vegetable oils** (mostly Rapeseed oil): 2,328 tons, shipped to U.K. 1,798, Italy 254, Hongkong 103, Belgium 120, U.S. 18, etc.

**Essential Oils:** 473.8 tons, mostly to Hongkong.

**Seeds:** Shelled groundnuts (incl. peanuts) 10,316 tons, of which 4,356 to France, 2,645 to Hongkong, 2,757 to Italy.

**Tea:**—807 tons Black Congou, 2,907 other black tea, 463 tons green gun-

powder, 5,232 tons other green teas, shipped mostly to French North Africa, Hongkong, the U.S., the U.K., France and Egypt. About 30% were Taiwan produce.

**Tobacco leaf,** 505 tons, of which 300 to Hongkong, 132 to Egypt.

**Firewood** 102,646 tons, of which 82,764 to Hongkong, 19,470 to Macao.

**Silk:**—raw, white, steam flature 238 tons, of which 73 to U.S., 60 to U.S.S.R., 36 to India, etc. Silk waste 894 tons, mostly to Hongkong 359 tons. Belgium 211, U.K. and Switzerland each 100 tons.

**Wool:**—goats' wool 272 tons, shipped to U.K. 124, Hongkong 58, U.S. 86 tons; sheep's wool 853 tons, shipped to U.S. 791, Hongkong 57 tons; camels' wool 88 tons, shipped to U.S. 59, U.K. 18, Hongkong 6 tons.

**Ores and Metals:**—Wolfram ore 3,741 tons, of which 2,250 to U.S.S.R., 740 to Hongkong, 425 to U.S., 175 to Sweden, 150 to France. Antimony Regulus 6,312 tons, of which 3,647 tons to Hongkong, 570 to U.S., 500 to U.S.S.R., 382 to India, 350 to France, 340 to Canada, 211 to Holland, 175 to Belgium, 110 to Sweden, Tin ingots and slabs 4,000 tons, shipped to Hongkong 2,112 tons, to Burma 1,558, to Indochina 200, to Belgium 71, to U.S.S.R. 50, to U.S. 9 tons.

**Menthol Crystals** 59.9 tons, of which 36.2 to U.S., 10 tons to Hongkong, 3 to India, 2 to Belgium, 1 to Australia. Salt 159,570 tons practically all to Japan.



showed a fall in the month. Europe's trade generally was sluggish. Exports of oils and fats to Holland fell by \$2 million, while imports of paper from Norway were \$2 million less, and from Sweden \$1 million less, but Switzerland sent us \$1½ million worth of goods extra, mainly dyes.

### China and the Far East.

Imports from China showed some recovery. The addition of \$9 million from North China was due largely to an increase in piecegoods and textiles, many of which are suspected of originating in Japan. Not all the smuggling into China would appear to originate in Hong Kong. Imports from South China also showed a welcome increase as additional metals (\$1 million) and oils and fats (\$2½ million) were sent to the Colony. The import of mineral ores, however, declined by \$1 million. Exports to North China declined by \$3 million, which included a fall in oils and fats of \$2½ million and textiles \$1¼ million, but exports of wearing apparel were up by \$1 million. Exports to Middle China continued on the down grade as less oils and fats (\$1 million), manures and metals were sent to this part of China. Exports to South China, however, increased by \$7½ million, mainly petroleum oils (\$4 million), vehicles (\$1 million), metals and heavy chemicals.

Imports from Macao dropped by \$3 million, mainly foodstuffs (\$1 million), oils and fats (\$1 million). Exports to the Portuguese Colony also decreased by \$2½ million, mainly oils, textiles and paperware.

Trade with French Indo-China was more active, while imports from the N.E.I. increased by \$1 million (sundries). Decreased exports of textiles amounting to \$5 million were responsible for the decline in the export trade with the Dutch Islands.

Exports to the Philippine Islands are on the increase and an additional \$2 million of foodstuffs were sent during the month.

Imports from Siam of oils and fats showed a decline of \$1 million.

### U.S.A. and Japan.

There was a remarkable increase in imports from U.S.A. of \$21 million. The chief increases were recorded in dyes (\$4 million), metals and paperware (\$2½ million each), foodstuffs and tobacco (\$2 million), Chinese medicines, oils and wearing apparel (\$1 million each). Although the export of metals to U.S.A. dropped by \$3 million the export of oils and fats was up by \$7 million.

Imports from Japan fell by \$5 million due to lower shipments of cotton yarn and while exports were down \$1½ million Japan took less foodstuffs and fats. Imports from Korea, however, were up \$1 million, mainly foodstuffs.

### FEATURES OF HONGKONG'S TRADE IN 1947.

The outstanding features of the year are; first, *the decline throughout the year of trade with China*, which can be traced to the runaway inflation prevailing in that country, the stringent restrictions imposed on imports and the fictitious official rates of exchange which have tended to drive exports into illicit channels. The civil war in China affected Hong Kong's Trade only in an indirect manner.

Secondly, *the emergence of Malaya as our second largest customer* (following China). There has been a remarkable increase in the trade with Malaya which we can expect to see maintained in 1948 when the tin industry will probably get on its feet.

*Hong Kong, or the Far East (for Hong Kong merely reflects the supply and demand in the Far East conditions) is still*

*dependent to a large degree on supplies from America and the high price, prevailing in that country have attracted supplies of raw materials shipped through Hong Kong.*

*Trade with Europe*, although showing some improvement towards the end of the year, is still a long way below pre-war levels. There is a large market in the Far East for the manufactured products from Europe which cannot be satisfied until industrial conditions in Europe improve.

Another feature worthy of note has been the *steady rise of Trade with Japan*. Imports from Japan reached \$37 million, while exports to that country were \$15 million. These figures are in excess of those recorded in 1940, although Trade throughout the year has been on a Government to Government basis, and has been seriously handicapped by the lack of financial clearing facilities with the Sterling Area.

## HONGKONG'S IMPORTS & EXPORTS FOR DECEMBER AND FOR THE YEAR OF 1947

Imports of merchandise into the Colony of Hong Kong during the month of December, 1947 amounted to a declared value of \$176,935,439 as compared with \$113,435,479 in the month of December, 1946. The figures include Government sponsored cargoes.

Exports of merchandise totalled a declared value of \$125,079,584 as compared with \$72,435,558.

Imports during the year 1947 amounted to a declared value of \$1,549,931,481 as compared with \$933,474,552 in the year 1946.

Exports totalled \$1,216,833,624 as compared with \$765,634,950.

### TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS. For the Month of December 1946 & 1947.

Articles	Imports		Exports	
	1946	1947	1946	1947
	\$	\$	\$	\$
Animals, Live .....	3,144,655	2,005,210	—	412
Building Materials .....	2,245,039	2,703,318	125,759	480,167
Chemicals & Drugs .....	2,553,857	5,112,498	1,520,283	2,074,048
Chinese Medicines .....	4,893,781	2,670,289	3,133,312	3,304,419
Dyeing & Tanning Materials .....	1,344,242	9,964,126	395,705	2,610,032
Foodstuffs & Provisions .....	18,825,532	26,108,541	11,887,883	21,124,882
Fuels .....	1,421,930	4,438,136	353,086	68,549
Hardware .....	537,305	1,437,602	983,690	1,792,554
Liquors, Intoxicating .....	1,053,715	1,090,951	534,296	777,260
Machinery & Engines .....	361,634	1,378,315	104,361	456,239
Manures .....	47,730	124,676	333,882	902,445
Metals .....	4,984,350	9,714,562	3,950,908	6,135,770
Minerals & Ores .....	379,787	1,517,498	173,673	627,228
Nuts & Seeds .....	2,958,448	1,434,762	1,255,266	1,141,221
Oils & Fats .....	14,948,877	40,640,056	19,381,182	27,506,818
Paints .....	655,390	745,678	324,281	935,424
Paper & Paperware .....	9,177,005	7,783,991	2,745,241	2,742,123
Piece Goods & Textiles .....	19,584,881	23,893,575	7,461,173	17,741,207
Railway Materials .....	—	—	—	50
Tobacco .....	4,339,895	3,599,460	965,602	2,555,574
Vehicles .....	2,441,339	2,356,387	156,661	2,160,875
Wearing Apparel .....	1,099,987	2,584,437	1,452,041	6,783,920
Sundries .....	16,436,100	25,631,371	15,197,263	23,158,367
Total Merchandise ..	113,435,479	176,935,439	72,435,558	125,079,584
Treasure .....	5,684,511	—	19,343,050	2,039,750
Grand Total .....	119,119,990	176,935,439	91,778,608	127,119,334



# PRINCIPAL TRADING PARTNERS OF HONGKONG IN DECEMBER 1947

Total Values of Imports & Exports Under Main Groups.

## UNITED KINGDOM

Articles	Imports \$	Exports \$
Building Materials	82,652	—
Chemicals & Drugs	760,913	58,819
Chinese Medicines	—	16,816
Dyeing & Tanning Materials	925,764	87,679
Foodstuffs & Pro- visions	482,372	1,529,871
Hardware	414,449	—
Liquors, Intoxicat- ing	228,953	—
Machinery & En- gines	259,117	20,000
Metals	771,258	22,900
Minerals & Ores	—	98,280
Oils & Fats	134,019	—
Paper & Paper- ware	603,653	—
Piece Goods & Textiles	4,200,795	144,944
Tobacco	712,732	60
Vehicles	911,696	—
Wearing Apparel	279,174	18,855
Sundries	1,600,035	1,778,632
Total	12,380,825	4,581,026

## AUSTRALIA

Articles	Imports \$	Exports \$
Building Materials	3,877	—
Chemicals & Drugs	70,653	8,640
Chinese Medicines	4,288	6,933
Dyeing & Tanning Materials	10,066	—
Foodstuffs & Pro- visions	2,196,000	23,395
Hardware	16,043	—
Liquors, Intoxicat- ing	40,942	240
Machinery & En- gines	54,064	—
Manures	4,200	—
Metals	21,300	—
Oils & Fats	15,176	703,192
Paints	8,232	—
Paper & Paper- ware	3,755	60
Piece Goods & Textiles	592,885	45,540
Tobacco	—	225
Vehicles	14,254	14,400
Wearing Apparel	53,609	28,155
Sundries	214,144	236,036
Total	3,323,458	1,066,816

## CANADA

Articles	Imports \$	Exports \$
Building Materials	23,721	—
Chemicals & Drugs	45,209	—
Chinese Medicines	—	115,510
Dyeing & Tanning Materials	28,255	—
Foodstuffs & Pro- visions	788,670	85,203
Hardware	1,499	362

## INDIA

Articles	Imports \$	Exports \$
Chemicals & Drugs	40,332	6,000
Chinese Medicines	—	430,987
Foodstuffs & Pro- visions	100,687	34,585
Hardware	332	50
Liquors, Intoxicat- ing	—	493
Machinery & En- gines	—	5,677
Metals	—	136,839
Nuts & Seeds	73,000	810
Oils & Fats	421,488	5,733
Paper & Paper- ware	1,000	299
Piece Goods & Textiles	762,721	72,950
Vehicles	622	8,000
Wearing Apparel	11,465	—
Sundries	360,228	2,476,392
Total	1,771,875	3,178,815

## TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE BY COUNTRIES.

For the Month of December 1946 & 1947.

Countries	Imports from		Exports to	
	1946	1947	1946	1947
United Kingdom	9,554,629	12,380,825	1,560,482	4,581,026
Australia	8,791,198	3,323,458	529,842	1,066,816
Burma	—	—	398,888	223,719
Canada	902,069	2,743,569	81,816	233,777
Ceylon	8,855	67,033	360,069	899,560
East Africa	413,718	47,244	—	1,024,119
India	12,064,810	1,771,875	1,699,605	3,178,815
Malaya (British)	4,033,619	5,532,919	10,244,114	20,287,724
New Zealand	4,227	—	61,304	142,684
North Borneo	462,950	652,377	34,638	703,432
South Africa	740,080	2,764,508	356,075	1,729,210
West Africa	—	—	2,603	773,241
West Indies	12,080	—	22,615	55,632
Br. Empire, Other	249,222	3,870,275	149,702	2,726,393
Belgium	2,455,963	3,815,863	287,684	1,457,884
China, North	6,746,340	15,666,512	5,178,984	5,546,921
" Middle	4,030,700	1,757,053	5,013,274	1,600,444
" South	28,122,406	24,432,700	14,987,034	11,818,692
Cuba	—	837,776	8,572	122,055
Central America	18,400	—	14,239	184,597
Denmark	108,203	47,999	9,567	135,330
Egypt	278,165	1,251,632	797,158	263,905
France	553,192	1,584,129	1,424,378	4,330,971
French Indo China	1,310,876	2,309,677	1,306,681	1,581,088
Germany	—	332,388	—	—
Holland	369,068	1,209,464	164,275	1,335,507
Italy	1,772,623	990,180	176,461	261,625
Japan	—	3,318,752	51,560	3,146,315
Kwong Chow Wan	392,368	243,574	507,639	7,540
Macao	8,692,890	9,593,802	4,139,559	7,930,912
Norway	3,821,606	661,096	123,740	192,939
Neth. East Indies	685,634	5,952,754	917,449	8,757,680
Philippines	1,666,746	1,074,514	4,947,779	9,516,152
Portugal	206,369	8,788	68,550	—
Siam	3,169,348	5,784,273	2,518,377	7,274,927
South America	99,815	53,299	215,365	261,920
Sweden	821,371	408,831	262,453	406,574
Switzerland	229,997	2,642,278	—	234,566
Spain	66,783	113,731	—	—
U. S. A.	9,599,119	40,409,676	12,438,986	16,602,796
U. S. S. R.	—	—	—	—
Others	977,040	18,280,615	1,374,041	4,482,096
TOTAL	113,435,479	176,935,439	72,435,558	125,079,584
Total British Empire	37,240,457	33,154,083	15,501,753	37,626,148
Total Foreign	76,195,022	143,781,356	56,933,805	87,453,436



## MALAYA (BRITISH)

Articles	Imports \$	Exports \$
Building Materials	36,366	1,800
Chemicals & Drugs	113,008	119,343
Chinese Medicines	10,227	691,462
Dyeing & Tanning Materials	48,855	8,240
Foodstuffs & Provisions	661,982	4,917,264
Fuels	138,432	—
Hardware	83,042	361,371
Liquors, Intoxicating	800	144,477
Machinery & Engines	—	32,200
Manures	—	58,500
Metals	162,462	333,811
Nuts & Seeds	67,799	109,220
Oils & Fats	1,650,888	156,269
Paints	—	354,601
Paper & Paperware	98,243	234,948

## Piece Goods &amp;

Textiles	255,742	5,736,166
Tobacco	—	285,570
Vehicles	71,288	27,524
Wearing Apparel	—	2,671,344
Sundries	2,133,735	4,043,614
Total	5,532,919	20,287,724

## Piece Goods &amp;

Textiles	—	30,585
Tobacco	22	—
Wearing Apparel	2,855	27,868
Sundries	848,966	1,314,424
Total	2,764,508	1,729,210

## SOUTH AFRICA

Articles	Imports \$	Exports \$
Chinese Medicines	—	2,819
Dyeing & Tanning Materials	83,877	—
Foodstuffs & Provisions	3,500	17,298
Fuels	1,825,288	—
Hardware	—	570
Nuts & Seeds	—	1,130
Oils & Fats	—	334,516

## BELGIUM

Articles	Imports \$	Exports \$
Building Materials	464,596	—
Chemicals & Drugs	116,643	—
Chinese Medicines	—	16,662
Foodstuffs & Provisions	—	5,600
Hardware	13,666	—
Manures	96,055	—
Metals	2,145,715	22,046
Nuts & Seeds	—	4,579
Oils & Fats	20,644	1,298,339
Paints	161,254	2,145
Paper & Paperware	288,354	—
Piece Goods & Textiles	383,618	—
Tobacco	8,288	—
Sundries	117,030	108,513
Total	3,815,863	1,457,884

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE  
BY COUNTRIES.  
For the Year 1946 & 1947.

Countries	Imports from		Exports to	
	1946 \$	1947 \$	1946 \$	1947 \$
United Kingdom	43,925,729	164,450,703	16,587,944	38,208,655
Australia	42,631,952	53,017,525	4,178,547	9,557,643
Burma	—	17,130,273	1,938,468	7,175,173
Canada	11,232,663	20,325,942	840,222	2,974,665
Ceylon	244,782	1,477,197	2,864,397	6,634,106
East Africa	1,182,618	1,504,682	62,780	2,356,818
India	55,476,152	45,527,005	21,851,149	25,880,212
Malaya (British)	69,250,698	102,408,016	161,934,219	214,242,125
New Zealand	173,474	361,311	261,015	2,290,380
North Borneo	3,114,547	6,703,292	1,835,530	6,873,673
South Africa	1,128,691	11,745,904	1,194,560	26,895,821
West Africa	—	—	69,973	2,611,760
West Indies	12,780	6,868	165,679	484,050
Br. Empire, Other	20,060,283	19,631,143	1,045,192	12,791,752
Belgium	11,218,560	50,618,872	1,484,222	13,479,664
China, North	89,912,502	63,728,195	104,094,526	55,024,315
" Middle	45,599,691	31,170,517	50,410,237	43,096,678
" South	191,703,000	281,282,255	146,924,340	167,045,287
Cuba	—	919,144	121,537	1,156,355
Central America	95,608	373,957	128,182	1,179,782
Denmark	1,429,761	954,296	2,567,965	1,067,027
Egypt	591,474	6,013,781	2,777,146	5,933,977
France	2,597,959	17,088,205	3,820,823	25,682,430
French Indo China	59,120,561	20,094,482	32,273,019	17,815,657
Germany	—	332,388	—	958,625
Holland	1,044,837	11,667,730	1,912,421	24,790,498
Italy	6,404,893	11,729,050	543,593	14,370,283
Japan	—	36,607,378	237,994	15,332,838
Kwong Chow Wan	5,337,438	5,898,647	3,209,537	1,712,309
Macao	78,550,265	82,259,595	33,561,246	70,868,287
Norway	11,085,151	18,595,737	1,705,805	2,656,060
Neth. East Indies	5,141,641	21,487,062	4,587,830	53,089,881
Philippines	15,983,109	15,030,042	17,995,589	61,653,365
Portugal	728,657	942,410	109,218	99,776
Siam	29,387,101	59,902,478	45,984,125	86,555,594
South America	186,489	1,255,426	430,274	2,212,286
Sweden	2,264,252	8,857,114	3,120,426	6,277,851
Switzerland	4,288,287	18,488,294	5,114	516,039
Spain	185,965	288,857	—	1,214,654
U. S. A.	119,565,078	298,679,316	83,702,127	151,763,084
U. S. S. R.	—	3,474,823	4,855,644	4,846,403
Others	2,617,904	37,891,569	4,242,335	27,457,877
TOTAL	933,474,552	1,549,931,481	765,634,950	1,216,833,624
Total British Empire	248,434,369	444,289,861	214,829,675	358,976,842
Total Foreign	685,040,183	1,105,641,620	550,805,275	857,856,782

## CHINA, NORTH

Articles	Imports \$	Exports \$
Building Materials	3,388	4,320
Chemicals & Drugs	19,454	344,127
Chinese Medicines	429,287	136,568
Dyeing & Tanning Materials	48,888	658,118
Foodstuffs & Provisions	1,878,198	16,543
Fuels	—	64,000
Hardware	167,540	6,790
Liquors, Intoxicating	14,111	179,316
Machinery & Engines	2,288	37,560
Metals	2,954	480,005
Nuts & Seeds	216,021	58,576
Oils & Fats	70,844	1,160,645
Paints	25,277	115,374
Paper & Paperware	90,566	165,767
Piece Goods & Textiles	12,001,820	16,977
Tobacco	—	780
Vehicles	—	133,933
Wearing Apparel	170,120	1,318,500
Sundries	435,756	649,022
Total	15,666,512	5,546,921

## CHINA, MIDDLE

Articles	Imports \$	Exports \$
Animals, Live	233,800	—
Building Materials	1,400	100,912
Chemicals & Drugs	9,788	192,756
Chinese Medicines	7,022	15,333
Dyeing & Tanning Materials	177	115,164
Foodstuffs & Provisions	942,981	75,699
Hardware	1,088	4,231



Liquors, Intoxicating .....	2,833	
Machinery & Engines .....	1,699	14,652
Manures .....	15,000	148,177
Metals .....	—	145,139
Nuts & Seeds ..	2,455	18,994
Oils & Fats ....	3,233	375,379
Paints .....	—	44,872
Paper & Paperware .....	14,921	25,762
Piece Goods & Textiles .....	7,354	174,088
Vehicles .....	—	31,796
Wearing Apparel ..	500	—
Sundries .....	515,635	114,657
<b>Total .....</b>	<b>1,757,053</b>	<b>1,600,444</b>

**CHINA, SOUTH**

Articles	Imports \$	Exports \$
Animals, Live ...	1,535,355	—
Building Materials	690,175	75,603
Chemicals & Drugs	1,566	589,766
Chinese Medicines	432,020	33,802
Dyeing & Tanning Materials .....	82,776	291,725
Foodstuffs & Provisions .....	4,064,876	15,764
Fuels .....	982,909	—
Hardware .....	31,197	23,978
Liquors, Intoxicating .....	2,177	3,553
Machinery & Engines .....	16,922	218,032
Manures .....	88	182,435
Metals .....	2,062,688	1,141,844
Minerals & Ores ..	1,246,599	—
Nuts & Seeds ..	362,218	6,277

Oils & Fats ....	8,555,940	6,092,504
Paints .....	477	24,232
Paper & Paperware .....	183,954	292,166
Piece Goods & Textiles .....	776,386	327,726
Tobacco .....	35,200	345
Wearing Apparel ..	3,000	—
Vehicles .....	—	1,354,807
Sundries .....	3,366,177	1,144,133
<b>Total Merchandise</b>	<b>24,432,700</b>	<b>11,818,692</b>
<b>Treasure .....</b>	<b>—</b>	<b>391,780</b>
<b>Grand Total ..</b>	<b>24,432,700</b>	<b>12,210,472</b>

**FRANCE**

Articles	Imports \$	Exports \$
Building Materials	10,810	—
Chemicals & Drugs	92,854	23,100
Chinese Medicines	—	30,486
Dyeing & Tanning Materials .....	487,055	118,080
Foodstuffs & Provisions .....	9,255	55,210
Liquors, Intoxicating .....	79,831	—
Metals .....	41,777	—
Minerals & Ores ..	—	202,150
Nuts & Seeds ..	—	28,386
Oils & Fats ....	—	3,704,721
Paper & Paperware .....	411,120	—
Piece Goods & Textiles .....	247,920	143,260
Vehicles .....	7,600	17,800
Sundries .....	195,907	7,778
<b>Total .....</b>	<b>1,584,129</b>	<b>4,330,971</b>

**FRENCH INDO CHINA**

Articles	Imports \$	Exports \$
Building Materials	153,388	—
Chemicals & Drugs	400	25,687
Chinese Medicines	172,077	193,958
Dyeing & Tanning Materials .....	—	5,050
Foodstuffs & Provisions .....	591,007	722,509
Fuels .....	476,800	—
Hardware .....	—	3,500
Liquors, Intoxicating .....	—	3,910
Machinery & Engines .....	—	20,000
Metals .....	—	123,477
Nuts & Seeds ..	107,998	12,895
Oils & Fats ....	4,088	182,442
Paints .....	35,533	—
Paper & Paperware .....	—	96,798
Piece Goods & Textiles .....	7,488	310
Tobacco .....	—	900
Vehicles .....	—	106,255
Sundries .....	760,898	88,397
<b>Total .....</b>	<b>2,309,677</b>	<b>1,581,988</b>

**HOLLAND**

Articles	Imports \$	Exports \$
Chemicals & Drugs	67,153	13,080
Chinese Medicines	—	10,650
Dyeing & Tanning Materials .....	1,400	—
Foodstuffs & Provisions .....	545,176	7,500
Liquors, Intoxicating .....	31,787	—
Metals .....	44,354	—
Oils & Fats ....	53,233	931,020
Paints .....	42,666	—
Paper & Paperware .....	131,500	—
Piece Goods & Textiles .....	58,888	—
Tobacco .....	4,900	—
Vehicles .....	3,200	—
Sundries .....	225,207	372,357
<b>Total .....</b>	<b>1,209,464</b>	<b>1,335,507</b>

**TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS.  
For the Year 1946 & 1947.**

Articles	Imports		Exports	
	1946	1947	1946	1947
Animals, Live .....	32,083,085	28,306,126	—	893
Building Materials	20,918,573	28,381,711	3,306,059	6,714,557
Chemicals & Drugs	28,338,475	60,283,726	22,766,491	32,922,418
Chinese Medicines	65,983,226	27,392,337	60,034,448	36,389,224
Dyeing & Tanning Materials .....	11,634,373	66,415,087	8,292,368	24,730,257
Foodstuffs & Provisions	209,043,307	240,715,853	116,097,004	158,592,102
Fuels .....	11,954,488	34,403,899	881,256	633,610
Hardware .....	4,948,457	11,216,257	8,482,288	13,204,491
Liquors, Intoxicating ..	11,417,912	11,238,565	6,339,326	5,500,113
Machinery & Engines ..	6,184,429	13,504,687	1,439,004	2,372,717
Manures .....	1,282,353	2,558,037	4,233,298	9,559,721
Metals .....	40,010,984	103,019,960	39,703,842	73,658,407
Minerals & Ores .....	1,501,657	9,049,393	1,772,035	7,886,405
Nuts & Seeds .....	22,080,579	23,809,482	11,883,376	14,205,381
Oils & Fats .....	113,973,396	245,623,549	142,988,957	271,062,802
Paints .....	4,041,344	9,914,128	4,073,019	9,113,096
Paper & Paperware .....	40,938,057	69,748,900	31,554,421	38,975,663
Piece Goods & Textiles ..	100,932,708	215,440,719	128,891,514	193,698,371
Railway Materials ..	5,521	1,829,579	16,926	601,566
Tobacco .....	25,321,256	40,800,905	6,189,195	14,286,710
Vehicles .....	15,299,156	31,661,240	1,988,342	10,208,556
Wearing Apparel ..	10,488,226	15,954,621	18,738,008	47,925,077
Sundries .....	155,092,990	258,662,720	146,023,773	244,591,487
<b>Total Merchandise</b>	<b>933,474,552</b>	<b>1,549,931,481</b>	<b>765,634,950</b>	<b>1,216,833,624</b>
<b>Treasure .....</b>	<b>20,242,169</b>	<b>49,773,890</b>	<b>57,115,400</b>	<b>98,745,904</b>
<b>Grand Total .....</b>	<b>953,716,721</b>	<b>1,599,705,371</b>	<b>822,750,350</b>	<b>1,315,579,528</b>

**JAPAN**

Articles	Imports \$	Exports \$
Building Materials	123,399	7,435
Foodstuffs & Provisions .....	229,020	1,470,804
Fuels .....	656,066	—
Hardware .....	—	5,239
Liquors, Intoxicating .....	—	138,793
Oils & Fats ....	—	878,994
Paper & Paperware .....	30,565	1,008
Piece Goods & Textiles .....	2,022,931	400
Tobacco .....	—	1,590
Vehicles .....	9,244	71,731
Wearing Apparel ..	—	47,357
Sundries .....	247,527	522,964
<b>Total .....</b>	<b>3,318,752</b>	<b>3,146,315</b>



## KOREA

Articles	Imports \$	Exports \$
Building Materials	—	59,200
Chemicals & Drugs	—	129,300
Chinese Medicines	85,000	—
Dyeing & Tanning Materials	38,488	278,121
Foodstuffs & Provisions	1,265,299	3,467
Hardware	7,888	—
Metals	14,000	—
Minerals & Ores	168,500	—
Oils & Fats	—	45,340
Paints	—	128,520
Paper & Paperware	—	372,300
Piece Goods & Textiles	391,200	235,906
Wearing Apparel	—	25,780
Sundries	1,000	199,968
Total	1,971,375	1,477,902

## MACAO

Articles	Imports \$	Exports \$
Animals, Live	137,400	—
Building Materials	14,154	162,261
Chemicals & Drugs	19,454	220,677
Chinese Medicines	356,688	6,687
Dyeing & Tanning Materials	71,599	55,492
Foodstuffs & Provisions	3,208,732	915,801
Fuels	141,665	2,210
Hardware	1,420	36,655
Liquors, Intoxicating	249,088	85,812
Machinery & Engines	5,322	40,983
Manures	9,333	293,738
Metals	139,687	568,880
Minerals & Ores	102,399	—
Nuts & Seeds	195,020	20,614
Oils & Fats	3,373,828	1,565,963
Paints	1,200	36,842
Paper & Paperware	140,197	864,884
Piece Goods & Textiles	111,475	298,490
Railway Materials	—	50
Tobacco	7,377	1,580,580
Vehicles	4,988	308,749
Wearing Apparel	7,722	81,344
Sundries	1,295,054	784,251
Total	9,593,802	6,569,994

## NETHERLANDS EAST INDIES

Articles	Imports \$	Exports \$
Building Materials	—	8,510
Chemicals & Drugs	8,788	145,080
Chinese Medicines	4,754	169,235
Dyeing & Tanning Materials	63,476	39,119
Foodstuffs & Provisions	387,730	762,065

Fuels	—	100
Hardware	400	91,828
Liquors, Intoxicating	—	36,070
Machinery & Engines	—	11,650
Metals	17,200	3,851
Nuts & Seeds	25,777	6,434
Oils & Fats	3,384,975	1,460
Paints	—	22,625
Paper & Paperware	—	70,912
Piece Goods & Textiles	—	5,017,048
Tobacco	—	479,884
Vehicles	—	14,875
Wearing Apparel	—	738,527
Sundries	2,059,654	1,138,407
Total	5,952,754	8,757,680

## PHILIPPINES

Articles	Imports \$	Exports \$
Animals, Live	—	412
Building Materials	—	26,056
Chinese Medicines	—	105,352
Foodstuffs & Provisions	322,821	5,013,319
Fuels	—	2,095
Hardware	200	761,673
Liquors, Intoxicating	—	102,277
Machinery & Engines	—	1,380
Metals	67,933	433,230
Nuts & Seeds	—	330,643
Oils & Fats	—	8,027
Paints	—	24,897
Paper & Paperware	—	180,140
Piece Goods & Textiles	45,421	470,120
Tobacco	44,199	—
Vehicles	—	90
Wearing Apparel	157,666	391,931
Sundries	436,274	1,664,510
Total	1,074,514	9,516,152

## SIAM

Articles	Imports \$	Exports \$
Building Materials	662,098	15,605
Chemicals & Drugs	—	161,621
Chinese Medicines	7,588	226,112
Dyeing & Tanning Materials	6,000	598,903
Foodstuffs & Provisions	2,430,773	1,027,614
Fuels	31,666	144
Hardware	—	325,727
Liquors, Intoxicating	—	6,503
Machinery & Engines	—	48,090
Manures	—	219,595
Metals	—	712,464
Nuts & Seeds	372,898	50,018
Oils & Fats	1,067,754	74,469

Paints	—	146,641
Paper & Paperware	—	301,084
Piece Goods & Textiles	—	1,768,100
Vehicles	—	46,595
Wearing Apparel	—	701,131
Sundries	1,205,496	844,511
Total	5,784,273	7,274,927

## SWITZERLAND

Articles	Imports \$	Exports \$
Chemicals & Drugs	103,720	—
Dyeing & Tanning Materials	1,995,521	231,641
Foodstuffs & Provisions	22,976	—
Hardware	5,244	—
Machinery & Engines	15,266	—
Metals	4,055	—
Piece Goods & Textiles	19,288	—
Sundries	1,476,208	2,925
Total	3,642,278	234,566

## U.S.A.

Articles	Imports \$	Exports \$
Building Materials	204,875	3,300
Chemicals & Drugs	3,564,576	—
Chinese Medicines	1,153,133	962,759
Dyeing & Tanning Materials	5,655,598	121,660
Foodstuffs & Provisions	3,496,062	2,218,367
Hardware	693,262	38,926
Liquors, Intoxicating	98,521	20,703
Machinery & Engines	918,638	—
Metals	3,801,641	1,640,361
Minerals & Ores	—	218,270
Nuts & Seeds	5,421	277,850
Oils & Fats	2,390,406	8,470,270
Paints	228,021	—
Paper & Paperware	3,808,662	48,156
Piece Goods & Textiles	1,055,238	5,260
Tobacco	2,712,465	5,786
Vehicles	1,246,819	—
Wearing Apparel	1,802,027	31,613
Sundries	7,574,311	2,539,515
Total Merchandise	40,409,676	16,602,796
Treasure	—	1,647,070
Grand Total	40,409,676	18,250,766



# COMMERCIAL MARKET REPORTS

## IMPORT RESTRICTIONS FOR BRITISH COLONIES.

British Colonial Governments have recently been following a policy of restricting to the greatest possible extent imports from all sources, including the United Kingdom, for the following reasons:—

Balance of payments difficulties make it most important for Colonial Governments to restrict imports of all United Kingdom goods which can be sold for dollars or for hard currency; which are made wholly or largely of dollar materials; or which are in short supply and can be used in trade negotiations in order to obtain essential supplies.

It is furthermore important, from the point of view both of the Colonies and of the other countries in the sterling area, that Colonial sterling balances should not decrease, although it is recognized that for certain purposes (e.g., in order to provide goods required as incentives to production or in connection with Colonial development schemes) some running down of the balances may be inevitable.

However, it is no part of the Government's policy that Colonial territories should be pressed to practise austerity simply for the sake of austerity, when neither supply nor balance of payments considerations require it. Accordingly, Colonial Governments, which are given a very wide discretion in the matter of import licensing in the light of the above principles, have recently been informed that this whole question has been considered again by the United Kingdom Government in the light of the experience which has been gained since the present policy was adopted, and that, as a result, some relaxation appears to

be possible where this can be done without detriment to the supply and balance of payments position. It has been suggested to them that there is no objection to their relaxing the restrictions on the import into their territories of goods from the United Kingdom and other Colonial territories, which do not fall into any of the classes referred to in the second paragraph above, to the extent that is possible without detriment to their territories' sterling balances.

The following is the list of commodities the imports of which Colonial Governments have been asked to continue to restrict for the reasons stated above:—

- Cotton linings and poplins.
- Worsted suitings.
- Linen piece-goods.
- Lead semi-manufactures.
- Good-quality cutlery.
- Decorated fine chinaware and earthenware.
- Whisky.
- Beer.
- Manufactured foodstuffs (except those sorts subject to programming).
- Manufactured tobacco.
- Glass, plate and sheet.
- Knitted wool garments of more expensive types.
- Women's and girls' fully-fashioned wool stockings.
- Wool carpets.

It may be necessary to modify this list from time to time.

Colonial Governments have been informed that no action is required from them to restrict imports of such goods as coal and capital equipment, the export of which from the United Kingdom is strictly controlled.

struction; raw materials for factories; foodstuffs and daily necessities unprocurable in China; (b) Those of the goods mentioned in (a) which are produced in China but not in sufficient quantities to meet the nation's demand; and (c) Those goods mentioned above which are produced in China but are inferior in quality to foreign products.

(4) That the foreign exchange surrender by exporters be governed under the following terms: (A) Exporters of goods under 2 (a) are required to surrender half of the foreign exchange derived from their exports, but are free to use the remaining half of their export bills for importing goods under 3 (a) class; and (B) Exporters of 2 (b) class goods are not required to surrender any part of foreign exchange earned through their exports. They are free to use half of their export bills for importing goods of 3 (a) class and half of 3 (b) class.

The meeting also resolved to petition the Chinese Government for a revision of the existing regulations governing overseas remittances suggesting that such remittances should be deposited with any appointed bank in a foreign currency account which could be withdrawn at any time and be used as funds for importing goods of 3 (a) class. Only three quarters of the total remittances should thus be used for import purposes, while the remaining quarter may be sold to the government at the official exchange rate.

Should these measures be adopted by the government, the Kowloon Chinese Chamber pointed out, importers and exporters in Hongkong as well as in China may be able to continue their business, factories in China should obtain sufficient raw materials for continued operation, and the government would also receive more foreign exchange through encouragement of overseas remittances and also save large sums of foreign exchange hitherto granted to importers under various schedules.

### Protests In Canton & Macao.

During the last week, the Kwangtung Chamber of Commerce and the Macao Chinese Chamber of Commerce also held meetings to discuss measures in support of the representations made earlier by their sister chambers in Canton and Hongkong. The Chinese Chamber of Commerce in the Portuguese Colony decided also to ask for a general relaxation of the existing trade controls, while the Kwangtung Chamber of Commerce made an outright demand for the dissolution of the South China Regional Committee of Export-Import Board.

Apparently in reply to the general representations of South China traders, Mr. Chien I-yu, Secretary-General of

## CHINESE MERCHANTS' PROTESTS AND PETITIONS TO NANKING.

While agreeing in principle with the government policy of Nanking of enforcing import and export controls to safeguard the nation's economy and help the country's native products, the Kowloon Chinese Chamber of Commerce came out in support of the demand made earlier by the Hongkong and Canton Chamber of Commerce asking for a revision of the existing unreasonable control restrictions in China (vide last issue, page 57).

The Kowloon Chamber held a special general meeting on January 24 and after lengthy deliberations drafted a formula to be shortly submitted to the Executive Yuan in Nanking and also to the South China Regional Committee of Export-Import Board for consideration and eventual adoption.

The major points of the suggestions for reform of the present embargoes and restrictions of China are:—

(1) That the existing restrictions on imports and exports be revised in accordance with the requirements of the people in case of imports, and with the requirements of foreign countries in case of exports.

(2) That commodities for exports be classified into two classes: (a) agricultural, mineral and finished products essentially required by foreign countries, and (b) not essentially required.

(3) That commodities for imports be classified into three classes: (a) Equipment, machinery and materials (other than luxuries) required for con-



the Regional Committee issued a statement in Canton on January 23 in which he said: "It is the national policy of the central authorities to save foreign exchange and to help Chinese manufacturers and therefore the All-China Export-Import Board was created under the jurisdiction of the Economic Council. Amidst foreign exchange shortages all over the world such measures are absolutely necessary. For this reason, it is an impossibility for the government to dissolve the Export-Import Board. But the existing control regulations could be revised to help merchants in their legitimate trade as long as the government's interests are protected and its policy is unimpaired."

Mr. Chien admitted that he could not guarantee the honesty of every member of the Board's regional committee in South China, but one thing he could guarantee "that not every member of the staff is dishonest." Mr. Chien appealed to merchants to report to him all cases of corruption involving the staff members of his office.

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#### METAL & MINERAL TRADE OF HONGKONG FOR THE YEAR 1947.

##### Wolframite.

Total imports amounted to 26,724 piculs (for the first half year 6,573 piculs, and for the second half 20,724 piculs) valued at \$7.9 million. Imports arrived here from China 21,121 piculs; from Macao 5,926 piculs; from S. Korea 1,589 piculs; much of Macao imports originated in Korea.

Total exports amounted to 28,274 (for the first half year 15,509, and for second half 12,765 (piculs) valued at \$7.6 million. Exports were shipped to the U.S.A. 6,566 piculs, to U.S.S.R. 10,508 piculs, to France 3,536 piculs, to the U.K. 2,086 piculs, to Sweden 4,473 piculs, to Italy 937, to Belgium 168 piculs.

##### Antimony, (regulus & crude).

Total imports amounted to 56,994 piculs valued \$3.8 million. Imports arrived here only from China (a small quantity was transhipped via Macao).

Exports for the year 1947 totalled 93,412 piculs valued at \$7.2 million. Practically all went to the U.S.A.

##### Tin (in slabs and ingots).

Total imports amounted to 43,124 piculs (of which 961 piculs were of non-Chinese origin), valued at \$13.7 million.

Total exports amounted to 54,677 piculs valued at \$22.2 million. Exports were shipped to the U.S.A. 36,513 piculs, the U.K. 840 piculs, to Sweden 496 piculs, to India 419, to U.S.S.R. 10,641, to China 120, to South America 498, to Indochina 168, to Syria 34, to Philippines 243, to Iran 96, others 4,124 piculs, other British Empire 32.

#### VEGETABLE OIL TRADE OF HONGKONG FOR THE YEAR 1947.

##### Tung (Wood) Oil.

Total imports amounted to 552,364 piculs (for first half year 312,831, and for second half 239,538 piculs) valued at \$87 million. Imports arrived here from China 548,412 piculs, Indochina 259 piculs, Malaya 162 piculs, Siam 708 piculs, Macao 2,823 piculs.

Total exports amounted to 535,649 piculs (for first half year 324,780, and for second half year 210,869 piculs), valued at \$93 million. Exports were shipped to U.S.A. 329,273 piculs, to Holland 21,156 piculs, to U.K. 5,478, to Australia 30,148 piculs, to India 957 piculs, to Malaya 1,238, to New Zealand 4,278, to North Borneo 49, to South Africa 4,687, to other British Empire 336, to Belgium 9,017, to Denmark 840, to Central America 84, to Finland 3,753, to France 15,556, to Germany 8,400, to Norway 10,547, to Canada 393, to Burma 32, to Spain 33, to Italy 7,304, to Netherlands East Indies 429, to Portugal 168, to Sweden 22,897, to Siam 409, to Syria 396, to Philippines 2, to Switzerland 504, to Macao 10,334, to China 23, to others 924 piculs.

##### Teased Oil.

Total imports amounted to 171,624 piculs valued at \$27 million, which all came from China (partly via Macao).

Total exports amounted to 137,567 piculs valued \$25½ million, mostly shipped to France, Holland, U.K., Italy.

(There are no separate figures available for Rapeseed oil but shipments have been very much larger than Teased oil; during the second half of the year 1947 exports from here have been estimated at over 200,000 piculs or a value of about \$25 million).

##### Cocoonut Oil.

Total imports amounted to 265,880 piculs valued \$30 million, most of which came from Siam and to a smaller extent from Malaya, Netherlands Indies, North Borneo.

Total exports amounted to 312,624 piculs valued \$35 million, majority shipped to Holland, Belgium, China, Italy, Japan, U.S.A.

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#### HONGKONG MOTOR CARS AND TRUCKS.

With effect from January 20, the export control over motor vehicles and motor accessories has been lifted. Retail price control of motor cars and trucks has also been lifted.

The supply position here has become so easy during recent weeks with the result of increased competition among dealers and the return of a free market in motor vehicles. Exports of motor vehicles to China is impossible since the complete motor car import embargo by China which was enforced on Jan. 1, 1948.



# HONGKONG IMPORTS & EXPORTS OF SELECTED CARGOES FOR THE MONTH OF DECEMBER, 1947.

Wolframite.				
Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	252	98280
S. China	2462	1162334	—	—
France	—	—	588	202150
Macao	329	96090	—	—
Sweden	—	—	252	108528
U. S. A.	—	—	517	218270
Korea	597	167000	—	—
Total	3388	1425424	1609	627228

Antimony, Regulus & Crude				
Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
N. Zealand	—	—	50	11580
Belgium	—	—	165	22046
S. China	2479	262412	—	—
U. S. A.	—	—	2888	471789
Total	2479	262412	3103	505415

## Tin Slabs & Ingots (other than China).

No imports nor exports.

## Tin Slabs & Ingots (China).

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
S. China	4957	1798800	—	—
Macao	407	131571	—	—
Philippines	—	—	75	38100
S. America	—	—	330	134570
Sweden	—	—	496	203705
U. S. A.	—	—	2797	1168572
Total	5364	1930371	3698	1544947

## Tinplates

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	4404	299715	—	—
N. China	—	—	150	15000
S. China	6	840	300	26080
Macao	—	—	12	625
Siam	—	—	401	41800
U. S. A.	9361	478646	—	—
Total	13771	779201	863	83505

## Cassia Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
India	—	—	3	1687
France	—	—	3	3646
Macao	105	102638	—	—
N. E. I.	—	—	1	450
U. S. A.	—	—	212	214800
Total	105	102638	219	220583

Aniseed Oil.				
Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	48	27405
Australia	—	—	13	6930
India	—	—	8	4046
Br. Empire, Other	—	—	9	3500
S. China	215	110750	—	—
France	—	—	749	353791
Holland	—	—	6	3366
Macao	138	58945	—	—
Siam	—	—	1	600
Sweden	—	—	3	1795
U. S. A.	—	—	63	22365
Total	353	169695	900	423792

## Cocoanut Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Malaya (Br.)	14102	1650883	15	1800
N. Borneo	307	37063	—	—
S. Africa	—	—	2180	267188
Belgium	—	—	8232	1018080
N. China	—	—	926	127586
M. China	—	—	649	76409
Egypt	—	—	1875	213700
Holland	—	—	5413	684720
Italy	—	—	504	64008
Japan	—	—	7049	878865
Macao	—	—	29	3379
N. E. I.	2357	157942	—	—
Siam	6400	740350	—	—
U. S. A.	—	—	13440	1673280
Iraq	—	—	420	50400
Total	23166	2586238	40732	5059415

## Linseed Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	1	247	—	—
Malaya (Br.)	—	—	14	3000
N. Borneo	—	—	1	55
M. China	—	—	2	230
Siam	—	—	38	10475
Total	1	247	55	13760

## Peanut Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	3	450
India	2940	421468	—	—
Malaya (Br.)	—	—	50	10000
Belgium	—	—	900	94500
S. China	9	1620	—	—
F. I. C.	24	4080	—	—
Macao	2347	378776	—	—
Siam	1698	309390	—	—
Total	7018	1115334	953	104950

## Sesamum Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Canada	—	—	1	327
Malaya (Br.)	—	—	14	3623
Macao	5	1000	1	135
N. E. I.	—	—	2	650
Philippines	—	—	13	2177
U. S. A.	—	—	28	6418
Total	5	1000	59	13330

## Soya Bean Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Macao	—	—	6	660
Total	—	—	6	660

## Tea Seed Oil.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	672	146500
Belgium	—	—	622	92820
S. China	1104	181928	—	—
France	—	—	1764	257544
Macao	2222	268510	—	—
U. S. A.	—	—	180	27573
Total	3326	400438	3238	524437

## Vegetable Oils, Not Otherwise Enumerated.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Australia	—	—	126	21084
S. China	8504	881419	—	—
France	—	—	19488	3049420
Holland	—	—	1680	192840
Italy	—	—	336	58710
Macao	16834	2304604	10	1056
Siam	—	—	1	115
U. S. A.	17	3056	14280	2132760
Total	25355	3189079	35921	5455985

## Wood Oil in Drums.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	3773	595859
Australia	—	—	4216	675178
Malaya (Br.)	—	—	201	29485
N. Zealand	—	—	726	113094
N. Borneo	—	—	6	862
S. Africa	—	—	588	67328
Belgium	—	—	588	92904
S. China	61886	7421673	—	—
Holland	—	—	84	12600
Italy	—	—	135	21100
Kwong Chow	—	—	—	—
Wan	618	86529	—	—
Macao	1575	233453	—	—
Norway	—	—	1257	176939
Siam	—	—	3	600
U. S. A.	—	—	1326	196289
Total	64079	7741646	12903	1982238



## Wood Oil in Bulk.

	Piculs	\$	Piculs	\$
U. S. A.	—	—	29232	4152648
Total	—	—	29232	4152648

## Bristles.

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
U. K.	—	—	308	267382
Malaya (Br.)	44	31095	—	—
Belgium	—	—	15	18000
S. China	683	568218	—	—
U. S. A.	—	—	122	190866
Total	727	599313	445	476248

## Rubber (Raw).

Countries	Imports		Exports	
	Quantity Piculs	Value \$	Quantity Piculs	Value \$
Malaya (Br.)	4361	504462	184	25480
N. Borneo	50	2000	—	—
N. China	—	—	782	70400
M. China	—	—	67	6750
S. China	—	—	3671	287775
F. I. C.	6707	614111	—	—
Macao	—	—	208	11516
N. E. I.	25131	1915900	—	—
Korea	—	—	2016	195168
Total	36249	3036473	6928	597089

\* \* \* \*

## HONGKONG EXPORTS TO U.S.

Every ship leaving Hongkong for the U.S. is carrying considerable native produce of Chinese, Malayan, Siamese, Korean, Indochinese, Indian, etc., origin. During recent weeks every ship unloading in New York or other parts on the U.S. East and West Coasts, when coming from Hongkong, increased the American stocks of:

Agar, Anise star, Anise oil, Cassia lignea, Cassia oil, Cinnamon, Gallnuts, Graphite, Pepper, black and white, Rhubarb, Senna seed, Sesame seed, Tea-waste, Tung oil, Wolfram ore, and many other smaller cargoes.

Hongkong manufactured goods also continue to find good buyers in the U.S.

\* \* \* \*

## CONSUMPTION OF VEGETABLE OILS IN THE U.S.

Factory consumption of Vegetable Oils in the U.S. for the 3 months of July to September 1947 amounted to 146.2 million pounds in the paint, var-

nish and printing ink industry. Following are details of uses of specified oils by U.S. factories for July/Sept.:—(in thousands of pounds):—

## Tung—

	All grades
Paint and varnish .. ..	16,787
Printing ink .. .. .	304
Lubricants and greases ..	4
Other uses .. .. .	4,900

## Linseed—

Fat-splitting .. .. .	292
Soap .. .. .	64
Paint and varnish .. ..	84,394
Linoleum and oilcloth ..	21,898
Printing ink .. .. .	3,925
Lubricants and greases ..	44
Other uses .. .. .	10,351

## Rapeseed—

Lubricants and greases ..	1,803
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## Sesame—

All uses .. .. .	18
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## Coconut—

	Crude	Refined
Refining .. .. .	111,442	—
Fat-splitting .. .. .	8,404	4,849
Sulphonation .. .. .	129	3
Shortening .. .. .	—	25,269
Oleomargarin .. .. .	—	13,292
Other edible products .. .. .	—	4,843
Soap .. .. .	79,600	45,175
Paint and varnish .. ..	3	123
Other uses .. .. .	4,356	4,156

\* \* \* \*

## LOCAL PRODUCE MARKETS

Cassia oil weakened to \$1,120 after some business was done at \$1,280. Tung oil sold between \$140 to 142 ex dealers' godown. Much tung oil is now collected in Macao prior to re-export to the U.S. Sesame seed sold in small lots at \$250. Peanut oil \$185. Teaseed oil was in demand at \$136. Rapeseed oil was scarce, the price improved from \$125 to 129. Coconut oil sold \$125/128.

Yunnan tin firmed to \$440, and wolfram ore was lower at \$365. (All prices per picul of 133.33 lbs.).

\* \* \* \*

## CURRENT MARKET QUOTATIONS IN NEW YORK

(Prices in U.S.\$, per pound, for large lots, f.o.b. New York)

Agar 3.85 nominal.  
Albumen (egg), edible flake, 3—3.50, powdered 3.05—3.55; tech. cryst. 1.25—1.45.

Anise, Chinese, Star .15 to .15½, Argentine .30, Mexican .26, Syrian .26.  
Camphor, natural, no stocks, synthetic .45.

Cassia, rolls, select .11½—.12, broken 8¼ to 8½ cents, Kwangsi broken 12½—13, Yunnan 14¼ to 14½, buds

23½—24; Saigon broken .38, medium 41—42, thin 45.

Graphite, powdered, amorphous 4 to 6 cents, crystalline 88—90%, powdered 14—16, 90—92% 16—19, 97% 22—25, flake 90—95% 21—22.

Menthol, natural, Brazilian 9.20, synthet. tech. 6—6.40.

Molybdenum 90%, 2.60—3, trioxide, pure .95, technical .80.

Musk, natural Tonkin 38 to 55 per ounce; synthetic ambrette 8—14, ketone 4.60—5.20, xylol 1.60—2 per pound.

Nutgalls .44 to .50.

## OILS:—

Anise, Chinese .90—1.25, Russian 3.25—3.75.

Camphor, natural .60—.75, synthet. .15—.40.

Cassia 2.40—3.75.

Coconut, crude .21, refined 30½, deodorised .33 nom.

Peanut, crude .26½—.27, refined .33. Peppermint, natural 7.60—8.75.

Rapeseed .32 in tankcars, single distilled 31½—32½, double dist. 34—35.

Sandalwood 13.75—22.50.

Soybean, crude .26.

Tallow .28—28½.

Tung, in drums 28—28½, in tanks 26½.

Pepper, black 42½—43, white 56—57.

\* \* \* \*

## CASSIA LIGNEA AND CASSIA OIL.

Cassia bark and oil and other Cassia products come from the cassia tree which is growing particularly in Kwangsi, and to some extent in Kweichow and Kwangtung as well as in Indochina and Siam. Cassia is sometimes called Chinese Cinnamon but the true cinnamon comes from Ceylon and the Netherlands Indies.

Both cassia and cinnamon are employed as a spice and condiment, in making cordials, and in medicine; they possess valuable stimulant, tonic, carminative, and astringent properties and are often prescribed in the treatment of flatulence, colic, and diarrhoea.

The fragrance and general properties of cassia and cinnamon are due mainly to the presence of an essential oil, which is obtained commercially by means of aqueous distillation.

Most cassia trees are growing in the Lufu Mountain region, in the southeastern part of Kwangsi. The total output of cassia products per year is estimated by Chinese sources at: 160,000 piculs of cassia lignea and chips, 2,700 piculs of oil, and 2,000 piculs of cassia buds. The following are cassia products: lignea, chips, flowers, leaves, stalks and calyces. The following are cassia exports: rolls of the bark (lignea), cassia heart (well-selected lignea), ordinary (smaller size lignea, board highest valued lignea), broken, oil.



### The Cassia Tree

In South China the cassia tree is planted on the sides of hills; it yield cassia on attaining the age of about 10 years, the crop being collected from the second to the fourth moon. To obtain the cassia the bark is gradually loosened and then stripped from the branches by running a knife along each side of the branch. The decorticated bark is then exposed to the sun and atmosphere for 24 hours or so, thereby causing a kind of fermentation process to take place, thus enabling the epidermis to be easily scraped off. When perfectly dry the bark curls up into a quill-like form; a number of these so-called "quills," which have a uniform length of about 1 foot, are then packed into round bundles and secured with pieces of split bamboo.

The thick, fleshy bark obtained from the young branches of the larger trees constitutes the bulk of exports. The quills are usually about 1 foot in length, and the bark is thicker and coarser than the cassia lignea; the surface is also more distinctly striated than that of cassia lignea, and the bark has a stronger and more pungent taste, due to the larger percentage of the volatile oil it contains.

The bark obtained from the branches of the tree, after having been scraped, constitutes "cassia lignea." It is sold in the form of quills, 1 foot or more in length, with a diameter of about  $\frac{1}{4}$  inch, the bark itself having a thickness of about 1-12 inch.

True Cinnamon consists of the bark of the young shoots of *Cinnamomum zeylanicum*, a species of laurel extensively cultivated in Ceylon and also in the East Indies. The bark is stripped from the tree and dried in the same manner as Chinese cinnamon, finally appearing on the market in the form of cylindrical quills which have been deprived of the outer corky layer and of the inner coat by being scraped. Ceylon cinnamon is very thin, rather flexible, and breaks with a splintery fracture, showing projecting bast fibres. The best quality of Ceylon cinnamon is of a yellowish brown colour; inferior qualities are darker and less fragrant. The quality of the bark varies with the district in which the tree is grown and with the position of the bark on the branches.

### Cassia Qualities

On comparing Chinese cassia with true, or Ceylon, cinnamon, the Chinese product is darker in colour than that from Ceylon; this difference is seen more distinctly when the barks are powdered. Chinese cinnamon is also much thicker than Ceylon cinnamon, the latter being very thin and papery.

All varieties of cassia and cinnamon have a characteristic fragrant odour and a warm, aromatic, pungent, and sweetish taste, but the odour and taste of Ceylon cinnamon are much more delicate than those of the Chinese product; Saigon cassia has a much stronger taste than either Ceylon cinnamon or Chinese cassia. When examined under the microscope, Ceylon cinnamon exhibits very large stone cells, whereas Chinese cassia and cinnamon show more numerous, but smaller, stone cells. The ash obtained on burning true cinnamon is always white or nearly white; that from Chinese cassia is grey or brown.

### Cassia Oil

Sometimes also called cinnamon oil and cassia leaf and cassia root oil, is an essential oil obtained from the bark (usually broken pieces) and the twigs of the cassia tree. Distillation is carried on by primitive methods in the producing districts and in Canton. The oil is yellowish or brownish, becoming darker with age and exposure to air, having the characteristic odour of cinnamon and a sweetish, spicy taste. With a specific gravity of 1.066 it is heavier than water and the true cinnamon oil of Ceylon. Chemically the cinnamon and cassia oils are the same. However, cinnamon oil has a much finer flavour and is generally preferred and therefore dearer.

Cassia oil is used in perfumery, scenting soaps, flavouring purposes, medicinal purposes, and in the adulteration of true cinnamon oil. Cassia oil has been often adulterated with mineral oils, castor and other fatty oils.

### Outlook

Practically all cassia exports from China are shipped to Hongkong. The interior market for collection is in Ta-an from where the goods are brought to Wulin and finally to Wuchow which river port city maintains regular shipping services with the British Colony.

Owing to the foreign exchange regulations of China and the present lack of interest abroad for cassia the growers have neglected the planting of sufficient cassia trees and sold old trees as firewood which commands a high price in the interior. The lack of standardisation of Chinese cassia exports and recurrent adulterations of cassia oil have caused the wariness on the part of foreign buyers. A better price for cassia exports will stimulate again growers but this depends on clean commercial practices on the part of Chinese dealers and cassia traders, and the lifting of Chinese exchange controls which at present allow the growers and merchants to get only a part of the proceeds of their exports.

## VEGETABLE OILS IN THE HONGKONG MARKET

### TUNG OIL (CHINA WOOD OIL).

Wood oil is a drying fixed oil obtained by expression from the seeds of *Dryandra cordata*, *Aleurites cordata*, the oil tree of China and Japan. Of the four principal wood oil producing provinces of China, Szechwan produces about 35 per cent. of the oil; Kweichow, 25 per cent.; Hunan, 25 per cent.; and North Hupeh, 15 per cent. Hankow is the chief exporting centre, most of the oil being regularly shipped to the U.S.

The wood oil tree grows abundantly in China, particularly in the Central provinces and, to a less extent, in the South and in Hainan and Formosa. The tree, which rarely exceeds 25 feet in height, is handsome and very hardy; it gives a good shade, lives long, grows well on hillsides, and thrives on very poor soil, provided there is plenty of rain. The tree is raised from seed, and bears well in about five years, rapidly increasing its crop. The fruit is almost globular, and averages about 2 inches in diameter. It is slightly furrowed or wrinkled longitudinally, and externally is of various shades of brown. The fairly tough outer covering encloses three to five closely packed seeds, which are separated from each other and from the outer skin by a thin yellowish fibrous partition; each seed is enclosed in a thin, striped, brownish or greyish skin or shell, and in appearance somewhat resembles the kernel of a Brazil nut. The seeds are rather smaller than Brazil nuts, however, being about  $\frac{3}{4}$  inch in length by about  $\frac{1}{2}$  inch in diameter; they are whitish or light yellow internally, very oily, and have a sweet taste and a peculiar odour. The fruit is gathered just before it reaches maturity and yields about 35 per cent. of oil by cold pressure alone.

To obtain the oil the fruit is placed in sieves or pans over a fire for a short time, thus causing a slight fermentation to commence. The seeds are then removed from the outer skin and crushed by stone rollers or edge runners, which are usually turned by means of bullock or mule. The pulverised nuts are next heated in iron pans and afterwards placed in vats, with wicker or perforated bottoms, and steamed. The steamed mass is then, while still hot, placed in a crude press, the oil being expressed by means of a series of wedges hammered down with a strong battering ram. The oil which exudes is usually strained through a coarse cloth. It is sometimes allowed to stand for a time and settle, the light clear liquid being drawn off and sold, the darker-coloured residue being used locally, sometimes after going through a further settling and separation process.



Wood oil is thick, and, at low temperatures, becomes semi-solid. It varies in colour from yellowish to dark brown, superior qualities being of a light brownish red colour. It contains the glycerides of oleic and elaeomargaric acids, and has a specific gravity of 0.934 to 0.943, a saponification value of 190 to 197, and an iodine value of 155 to 170. It is poisonous, and has a peculiar, unpleasant odour, and a sweetish and slightly acrid taste. It possesses remarkable drying properties and dries even more rapidly than linseed oil, forming a very hard film; unlike linseed oil, however, it gives no precipitate with bromine. When subjected to heat and exposure to light, wood oil forms a sticky, gelatinous mass, which is used in the preparation of pigments put up in tubes, as it prevents the separation of the pigment from the oil. An American gallon of wood oil weighs about 7.85 pounds.

In China wood oil is used chiefly for mixing with paints, for cleaning and caulking boats, for covering and thus preserving woodwork of all kinds, and in making varnish and lacquer. For all these purposes, however, it must be absolutely pure, and not adulterated (as it sometimes is) with bean oil or other oils, which have a bad effect on its drying qualities and which, therefore, reduce its value for painting purposes, etc. The Chinese also use wood oil in dressing leather, in making soap, for lighting purposes (although it is not very suitable for use as an illuminant), in the production of lampblack, used in making Chinese ink (indian ink); also as a medicine, chiefly in making plasters and for outward application to parasitic skin diseases and wounds as well as to scalds and burns.

Chinese wood oil abroad is used for the same purposes as linseed oil, that is, in making varnish, paint, lacquer, oilcloth, linoleum, etc. The greatest drawback to its use is the difficulty experienced in properly deodorising the oil, and in the fact that it gelatinises at a temperature of over 200° C.

In order to guard against adulterations, wood oil on the Hongkong market intended for shipment abroad is sold under what is known as the "Browne Heat Test", the process being named after the originator, Mr. F. Browne (the Hongkong Government analyst). Shipments of wood oil from Hongkong are accompanied by certificates indicating the purity of the commodity. In Browne's test the oil is heated in test tubes and must set within 12 minutes. In Bacon's test it is heated for nine minutes and the results compared with those given by a sample of known purity. The Worstall heat or coagulation test, adopted by the New York Produce Exchange, is as follows:—

"One hundred grammes of the oil is heated in an open metal pan, 6 inches in diameter, as rapidly as possible, to a temperature of 540° F. The time

required to heat the oil from room temperature to 540° should be, as nearly as possible, the same each time, four minutes being usually sufficient with gas burners. Hold the oil at or as near to 540° as possible, stirring until it begins to solidify. Note the time required after the oil reaches 540° and until it begins to solidify. This should not exceed seven and a half minutes for any commercially prime wood oil. When the oil has solidified in the pan, turn it out, while still hot, and cut with a knife. Commercially prime wood oil gives a product that is pale, firm, and cuts under the knife like dry bread, not sticking. If the oil requires more than seven and a half minutes after reaching 540° until beginning to solidify, or if the product is dark, soft, or sticky, the oil may be rejected".

## COCONUT OIL

Coconut Oil (*Oleum coconis nucifera*) is a fixed oil or fat obtained from copra—the dried kernel of the coconut (*Cocos nucifera*). To obtain the oil, which copra yields to the extent of about 67 per cent, the raw material is rasped or grated, then steamed, or sometimes boiled with water, and afterwards pressed. The best oil is obtained from ripe nuts.

Coconut oil is white in colour and, in tropical countries, is almost as fluid and limpid as water. It solidifies at 61° to 64.5° F.; hence in temperate climates it appears in commerce as a white, solid, opaque, unctuous substance of the consistency of butter. It soon becomes rancid, but when fresh has a sweet, agreeable, characteristic odour and taste. It dissolves in alcohol, and readily saponifies, having a saponification value of 250 to 268. It is fusible at 75° to 82° F., and has an iodine value of 8.2 to 9.6, and a refractive index of 1.445 to 1.450 at 40° C. and 1.442 at 60° C. It contains the glycerides of myristic, palmitic, stearic, lauric, capric, caprylic, and caproic acids, when not too much refined, bleached, or deodorised, it constitutes a valuable flesh-forming food.

In European countries coconut oil is used in the preparation of artificial butter or lard, as an adulterant of butter, in making salves, ointments, toilet preparations, hair restorers, etc., for massage purposes, in treating tuberculosis, and in making candles and soap. In the East, coconut oil is used for cooking purposes, as an illuminant, in painting, in soap-making, for anointing the body and hair, and for many other purposes.

Coconut oil is not the same product as either palm oil or palmit oil; chemically, however, it is almost identical with palm-nut oil. Coconut oil and palm-nut oil are often used as substitutes for, or adulterants of, each other; the two oils are so much alike that adulterations with each other cannot be detected.

## RAPESEED (OR COLZA) OIL

In England the terms "colza" and "rape" are used indiscriminately to describe the semi-drying fixed oil obtained from the smooth whitish, reddish, or black seeds of various species of *Brassica*, chiefly *Brassica campestris* and *Brassica napus*; in the United States the term "colza" is generally given to the lighter-coloured and better qualities of the oil, the term "rape" being used to describe the inferior grades. These two species of *Brassica* are grown in most European countries, where Marseilles is the chief centre of the oil industry. Rape, or *Brassica*, is grown in considerable quantities in China and in India. In China the oil is obtained chiefly from the seeds of *Brassica rapa* (*Brassica chinensis*) the oil being called ts'ai-yu, or "vegetable oil".

Rape seed oil when crude has a dark brown colour, but when refined is pale yellow to greenish yellow; it has a slight characteristic odour and an unpleasant, harsh taste. On being kept, it acquires a nauseous odour and flavour, and becomes somewhat thick and gummy when long exposed to the air. It contains the glycerides of oleic, stearic, and brassic acids, is slightly soluble in alcohol, and is itself a solvent of sulphur and phosphorus. The oil congeals at 6° C. It has a specific gravity of 0.912 to 0.923, rarely over 0.916, the refined oil having a lower specific gravity than the crude oil. The saponification value is 173 to 178; the iodine value, 101 to 117; the refractive index, 1.4745 at 15° C., 1.4653 at 40° C., and 1.4584 at 60° C.; the Maumene test is given by various authorities as 52° to 59°, 55° to 64°, and 70° to 90° C. It is often adulterated with cotton-seed oil, fish oil, linseed oil, mineral oil, poppy-seed oil, and other oils. The odour, the taste, and the low saponification value are good guides in estimating the purity of the oil. It is used both in China and in other countries chiefly for culinary purposes, as an illuminant, for lubricating purposes, and in making soap; colza oil (pure) is also commonly used as a standard in measuring the viscosity of other oils. The residual cake is used for feeding cattle and as a fertiliser.

## TEA SEED OIL.

The seeds of the ordinary tea plant, *Camellia thea*, yield up to about 30 per cent, of a fatty oil which somewhat resembles olive oil in general properties and which burns with a clear, bright light and has no unpleasant odour. An essential oil is also obtained from ordinary tea leaves by means of aqueous distillation. This oil is lemon yellow in colour and has a narcotic, tea-like odour and flavour, and solidifies on keeping.

The so-called "tea seed oil" of Chinese commerce, however, is not the product of the tea plant, but of *Camellia oleifera* or *Camellia sasanqua* shrubs which grow wild or cultivated on hillsides, require



## HONGKONG EXPORT REGULATIONS AT A GLANCE

Type	Commodities Involved	Form Required	Issuing Authority.
<b>Prohibited Exports</b>	<i>Butter, Flour, Rice, Sugar, Bottles—all kinds, whole or broken, empty or filled, Cotton Yarn of all kinds, Tin-plates, Baths, all kinds, water closets—all kinds, Galvanised Iron Pipes, Mild Steel Bars—all dimensions, Mild Steel Angles, Mild Steel Channels, Mild Steel Tees, Mild Steel Joists, Mild Steel Sheet and Mild Steel Plate, Mild Steel Window Sections, Tin Siabs and Ingot, Cotton Threads of all descriptions, Peanut Cakes, in solid or powdered form, Basins, Toilet and all bathroom accessories, Peanut Oil, Sweetened Condensed Milk, Cement, Gold Bullion and Coin, Preserved Ginger (in casks), Toilet and Medicinal Soap, Gunny Bags, Lambskins (Karakuls), Rabbit Skins, and Margarine.</i>	Form 2 in triplicate.	Department of Supplies, Trade & Industry.
<b>China Exports</b> (Note 1)	<i>Bristles, Wood Oil, Cotton Yarn, Tea, Rapeseed Oil, Tin, Wolfram and Antimony.</i>	Form 2B (Yellow) duplicate.	I. & E. Dept.
<b>Restricted Exports</b> (Note 2)	<i>Wood (tung) Oil, Dessicated Coconut, Tin, Rubber, Pepper, Diamonds, Gunny Bags and Silver.</i>	Form 2A (Green) triplicate.	I. & E. Dept.
<b>General Exports</b>	<i>All commodities — (other than those listed above)—to non-Sterling Areas.</i>	Form 2B (Yellow).	I. & E. Dept.
<b>Exports to Sterling Area and China.</b>	<i>All commodities — (other than China Exports and Prohibited Exports).</i>	No Special Licence required.	—
<b>Japan and Korea Exports</b>	<i>(Special arrangement with Dept. Supplies, Trade &amp; Industry).</i>	—	Dept. S. T. & I.

### NOTES:

(1) CHINA EXPORTS include these Commodities whether originating in China or not. Applications must be supported by evidence of origin, e.g. a Chinese Certificate of Origin in cases where articles are produced in China; otherwise such evidence as I. & E. Dept. shall require.

(2) Where commodities overlap two groups—e.g. Wood Oil and Tin, use Form 2A (green) in triplicate.

practically no attention, and attain a height of from 8 to 10 feet. The fruit is described as being round, from 1 to 2 inches in diameter, reddish brown in colour, the smooth outer husk containing from three to four kernels, which yield up to almost 50 per cent. of oil. After the fruit has been gathered and the skin removed, the kernels are crushed to a coarse powder by means of stone rollers, steamed, and then submitted to pressure, which thus forces out the oil. Tea oil is yellowish and thin, and has a slightly fragrant odour and a bland, non-irritating flavour. It is used in preparing and cooking food, as a dressing for the hair, as an illuminant, in adulterating other oils, in making soap, and in medicine.

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## PORTUGUESE MINERAL WEALTH

Slowly rising world prices have caused a resurgence in Portuguese wolfram mining, as the mineral industry of the Portuguese Empire returns to a peacetime footing. Sale of wolfram, used extensively in high-grade steel making, slumped after the war when high priced Portuguese ores lost out to lower cost of production elsewhere. During the war, wolfram occasionally brought 600,000 Escudos per ton. By last April it had fallen to 18,000 but now has risen to 40,000 Escudos a ton. Most of Portugal's wolfram export goes to Britain. There are rich veins of the ore in Portugal, and more than 1,000 concessions have been let, but only two of these have been exploited by modern methods.

The two modern Portuguese wolfram mines are splendidly equipped. The former is owned and managed by Britons and the latter by Portuguese. Total wolfram output in Portugal is now about 300 or 400 tons a month, but the ores are very rich. Some veins produce an estimated 65 to 73 percent of "wolfram three" and the Scheelite ores contain 78 percent of "wolfram four."

A mixed government and privately financed firm is searching Portugal's vast colony of Mozambique for uranium and gold. Five rich ore veins were discovered recently similar to one previously located which contained eight percent uranium oxide.

Recent surveys in Mozambique estimated that the area contained some 400,000,000 tons of coal. Development has started and the production of 500,000 tons annually within four years is planned.

Gold and copper and magnetic iron ore is also nearby. The proximity of the coal and iron deposits holds promise of important future development in Portuguese Africa.

## THE RESOURCES AND POTENTIALITIES OF THE BRITISH DOMINION OF PAKISTAN

The Dominion of Pakistan which came into existence on 15th August, 1947, is bifurcated into two stretches of territory, one lying on the northwest of the Indian Dominion and the other sandwiched between two of its eastern provinces, with a distance of more than a thousand miles between them. The area of Western Pakistan comprising West Punjab, North-West Frontier Province, Sind and Baluchistan is 179,000 square miles, while the area of Eastern Pakistan comprising Eastern Bengal and the district of Sylhet is 54,100 square miles. Thus the total area of Pakistan comes to 233,100 square miles. The total area of Pakistan is 14.7 per cent of the total territory of former British India *plus* the Indian States.

The population of Western Pakistan is 23.8 millions of which 18.2 millions are Muslims. The population of Eastern Pakistan is 41.8 millions of which 29.6 millions are Muslims. The total population of Pakistan is 65.6 millions of which 47.8 millions are Muslims. The percentage of Muslim population to the total population of Pakistan is 72.9. The percentage of Muslim population in Pakistan to the total population in former British India including the Indian States is 24.3.

### Agriculture and Irrigation.

Pakistan is essentially an agricultural country. The total area now in Pakistan sown in 1938-39 was 43.9 million acres as against 209.4 million acres sown in British India. The percentage of the Pakistan area to the total area sown in British India was 20.9. The two main food crops of Pakistan are wheat and rice. Rice is the staple food of Eastern while wheat is the staple food of Western Pakistan. Wheat is mostly cultivated in Western Pakistan, but rice is grown in all parts of Pakistan.

The total area under rice in 1944-45 in the territory now in Pakistan was 25.6 million acres as against 78.8 million acres in India. This formed 32.5 per cent. of the total acreage under rice in India while its yield was 8.9 million tons, the total yield of British India being 26½ million tons. The share of Pakistan comes to 33.7 per cent. of the total Indian yield. Sind has lately begun to produce rice and other valuable crops. It produces about ½ million tons of rice of which in normal years it can export about 200,000 tons. Of the 430,000 tons of rice produced in Western Punjab there is normally an exportable surplus of about 150,000 tons.

The total rice production of Eastern Pakistan was 7.9 million tons in 1944-45.

As a result of partition a considerable part of the wheat growing areas has come over to Pakistan. In 1944-45 the territory now under Pakistan had 9.9 million acres under wheat cultivation as against 26.9 million acres in British India (36.9 per cent. of the total acreage in India). It produced during the same period 3.5 million

tons of wheat against the total production of 8.5 million tons of wheat in British India (about 40.8 per cent. of the total Indian production). Sind and Western Punjab also export grain to the extent of about 128,000 tons yearly.

Eastern Pakistan is within the monsoon range and its rainfall is heavy. Besides, many rivers, streams and ponds provide much irrigation water. It is in Western Pakistan, specially in Sind, where the rainfall is very scarce, that irrigation machinery is very necessary. In some of the districts of Western Punjab canals already exist. In the case of Sind the only big scheme of irrigation has been the completion of the Lloyd Barrage. Through this barrage, planned for harnessing the waters of the Indus, about 6 million acres of waste land have been brought under cultivation.

From the point of view of food provision for 65.6 million people residing in her territory, Pakistan produces sufficiently her two staple crops of rice and wheat. She also exports some surplus of these and of other minor crops to places outside her territory.

### Oilseeds and Jute.

Pakistan is not very rich in the production of oilseeds. During the year 1944-45 the area under oilseeds in Pakistan was 1,787,100 acres while the yield was 245,500 tons. The percentage of yield in Pakistan to the total yield in British India was 5.9. The areas producing raw jute, the golden fibre of Bengal, have largely come over to Eastern Pakistan. But the jute mill industry is mostly located in Calcutta and its suburbs. The requirements of this industry, working generally on a 48-hour week basis, were fulfilled by a supply of 5 to 6 million bales of raw jute annually.

The area under jute in Pakistan is 1,558,800 acres out of the total of 1,880,000 acres in India. This gives a percentage of 72.3 to Pakistan. The yield of raw jute is estimated at 4,076,000 bales (one bale=lb. 400) for Pakistan while for India it is 1,474,500, the percentage for Pakistan coming to 73.4.

If the Indian jute mill industry is to run it must depend largely upon the raw jute of East Bengal.

### Cotton Growing

Pakistan's entire cotton comes from Western Punjab, North-Western Frontier Province and Sind. The area under cultivation in 1944-45 in Western Pakistan was 29,500,000 acres, while the yield was 1,210,000 bales (one bale=400 lbs.). Ten years back Sind produced only 50,000 bales of cotton but its yield in 1944 rose to 460,000 bales. The percentage of Pakistan's cotton produce to the total Indian cotton (3.5 million bales) came to



34.2. During 1945-46 the total yield of cotton in India was 3.44 million bales, the share of the area now in Pakistan being 1.17 million bales as against 1.26 millions of the area now in Indian Union, and 1.01 million bales of the Indian States. In 1946-47 the total yield of cotton in Pakistan has been 1.7 million bales.

Besides, the best varieties of Indian cotton like the Sind American and the Punjab American, both of them having staples as long as 1 inch, are grown entirely in Sind and West Punjab. Pakistan also produces varieties of medium staple cotton.

The normal annual offtake of the cotton mill industry (16 of the 395 textile mills came to Pakistan) is about four million bales of which Pakistan produces about 1.5 million bales. The situation is that for some time to come the Indian Dominion will have to import about one million bales of *Americans* from Pakistan.

The estimated value of cotton produced in West Punjab during 1946-47 is thirty crores (£22½ million sterling) and that in Sind is fifteen crores (£11¼ millions). The total value of cotton produced in Pakistan thus comes to forty-five crores (about £33¼ millions).

Karachi is the chief port for exporting Pakistan cotton to India and abroad. From 1st September, 1946, to 14th August, 1947, Karachi sent out 1,160,000 bales. Of these, about 4 lakhs bales found their way to Bombay, 177,000 to other Indian ports and some 600,000 bales to countries abroad, mainly to Great Britain and China.

#### Tea and Tobacco.

Some of the tea producing areas in Assam and North Bengal, after the partition, have gone to the Indian Union. In 1944 the area now under Pakistan in Eastern Bengal under tea cultivation was 80,000 acres and its yield was 4,199,000 lbs. of tea. Thirty million pounds of tea will be available for export as compared to India's 400 million lbs.

The area now in Pakistan under tobacco in 1938-39 was 380,700 acres, i.e., 33 per cent. of the total Indian acreage under tobacco. It produced 156,300 tons of tobacco, giving a percentage of 33.7 to the total British India production.

#### Minerals and Coal.

Pakistan produces coal, petroleum, chromite, gypsum, salt, building materials, steatite and a very small quantity of gold. Her deposits of coal, iron and oil are believed to be considerable but they are not yet fully tapped.

At present there is a great deficiency of coal in Pakistan.

During the year 1944 the production of coal in West Punjab was 175,100 tons. Sind which produced nothing before, produced about 60,000 tons of coal the same year. This production is not enough for the growing needs of Pakistan.

Coal has been recently discovered in the district of Chittagong (Eastern Pakistan) and in that of Peshawar (Western Pakistan).

In 1944 Punjab produced 5,100 tons of saltpetre.

In the year 1944 there were two petroleum producing zones, one of which lies in West Punjab, the production of which in 1944 was 15,157,100 gallons. Recently oil has been also discovered at two places in Eastern Pakistan. Western Pakistan is believed to be rich in its oil resources. Prospecting has begun.

In 1944 the area now in Pakistan produced about 25,000 tons of gypsum. Near the North-West Frontier Province there is a very big salt mine at Khewra which has a producing capacity of about 92,000 tons yearly.

#### Industries.

Pakistan is essentially an agricultural country. There are no large scale industries, but the Pakistan Government is considering a scheme for industrialisation. The whole scheme is likely to cost about Rs. 12,500,00 and will take about four years to materialise.

After the partition sixteen cotton mills, nine sugar mills, five cement mills, four glass mills, and one woollen mill came to Pakistan, as they were located in that area. There are two large petroleum refineries in West Punjab.

There are no big iron and steel manufacturing centres in Pakistan but there are 34 railway workshops. There are electrical and engineering workshops, chemical works, cement, rubber and sugar factories. There are small cotton and jute presses in East Bengal, besides many small factory establishments.

The total number of workers employed in mills and factories in Pakistan is 26,000 as compared to about a million in India.

#### Foreign Trade.

Both Eastern and Western Pakistan carry a good deal of internal and external trade. The port of Chittagong is being developed for exporting rice and jute. The export trade of Western Pakistan is mainly carried through Karachi. During the year 1946-47 goods to the value of Rs. 42 crores were exported from Karachi. These included cotton, wheat, rice, hides and skins, bones, oilseeds, etc. The principal importing countries were Great Britain, U.S.A., China, Afghanistan, Belgium, Iran, Italy. The value of total imports entering through Karachi during the same period was Rs. 48.8 crores. The main items of imports were iron and steel goods, machinery, mill stores, manufactured goods, food, drink, tobacco, cotton and woollen yarns, metals, ores, paper, glassware, drugs and medicine, various kinds of raw materials, etc. Peshawar is the post for exporting and importing goods to and from Afghanistan. The average tonnage for steamers entered and cleared in foreign trade at the port of Karachi during 1946-47 was 3,762 tons.